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## NEWS SUMMARY

### GENERAL

## Fears of links in child murders

Police hunting the killer of a nine-year-old Yorkshire boy said there could be a link with the murder of schoolgirl Susan Maxwell.

David Milner's body was found yesterday near his home in Ripon. He had been sexually assaulted. Susan, whose body was found last week in Staffordshire, had also been sexually assaulted.

North Yorks police said they would confer with the Staffordshire murder squad, as there were similarities in the two cases.

**Terrorist move**

President Mitterrand is expected to announce the launching of a computer data bank on international guerrilla groups operating in France, after recent terrorist attacks.

**Holidays saved**

Customers of Riviera Camping Holidays of Leeds began holidays in Spain and Italy after a deal with NAT Holidays saved Riviera from a cash crisis. However, French holidays were cancelled.

**Zapu wants talks**

Joshua Nkomo's opposition Zapu Party called for a meeting with the ruling Zanu-PF Party to defuse tension in Zimbabwe, after recent fierce government criticism.

**Iran attack**

Iranian forces killed or wounded over 50 Iraqi soldiers and damaged an Iraqi oil terminal near the head of the Gulf, Tehran radio said. Iran seems poised, Page 2

**Energy 'failure'**

The Government has failed to convince industry that high energy prices are a key element in energy conservation policies, a secret report says. Page 5

**Somali emergency**

Somali President Siad Barre declared an emergency in the regions on the Ethiopian border where fighting has been taking place for six weeks. Page 2

**Village cut off**

The 70 inhabitants of Vellerat, a Swiss village, set up a border post, issued passports and declared independence. They want the village to join a different canton.

**No rain in Spain**

Spain is suffering its worst drought in five years, with reservoirs down to 41 per cent of capacity and over 100 towns and villages having water brought in daily by tank trucks.

**Fourth Dan**

Dan Archer is to live on, despite the death of Edgar Harrison, who played him in The Archers radio serial. The BBC will name his replacement, the fourth in the role, today.

**Following on**

England were 95 for 3, following on after being out for 227 in reply to Pakistan's 428 in the Lord's Test.

**Cyclist killed**

British motorcyclist Jock Taylor died after a double crash in the sidecar event in the Finnish Grand Prix.

**Briefly . . .**

Actor Patrick Magee, 58, died in London.

Elio de Angelis of Italy (Lotus) won the Austrian Grand Prix.

Angolan Foreign Trade and Planning Minister Lopo do Nascimento was sacked. Page 2

### BUSINESS

## Flexible pay plan for state boards

● GOVERNMENT has decided to allow Whitehall departments to operate with a limited degree of flexibility when pay rises are fixed for chairmen and other board members of nationalised industries in the coming months. Back Page

● WORLD could topple into a deep depression, Northern Ireland Secretary James Prior said while giving a strong indication of the likely pressures in the Cabinet this autumn for government action to help industry. Back Page; Prior opposes ending Irish vote, Page 4

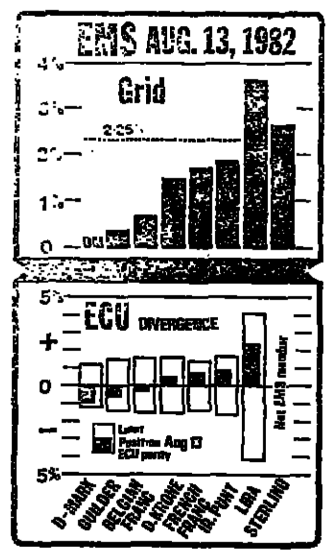
● MIDLAND BANK called on the Government to consider measures to reflate the economy. Page 6

● CBI moved to allay any fears that it is siding with the Labour Party over economic policy. Page 6

● CHINA'S first-half trade surplus of $2.8bn (£1.64bn) has been achieved at the expense of such industrialised countries as Japan and West Germany. Page 3

● MEXICAN BANKS began to buy dollars again at the weekend but there was still no indication of a return to normal foreign currency trading. Back Page; Crisis overshadows other problem borrowers, Page 19

● TRADING was again quiet and featureless in the European Monetary System last week. Hopes of a cut in the West German Lombard rate on Thursday were dashed earlier in the week when U.S. interest rates started to rise. This and the strength of the dollar dissuaded most members from moving rates, although the Belgians made minor cuts in short-term Treasury bill rates. By Friday the dollar was showing signs of weakening. The Italian lira remained the strongest member followed by the Irish punt and French franc.




*The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.*

● WEST GERMAN banks must decide this week whether to pour DM 1.1bn (£257m) in new credits into AEG-Telefunken. Back Page; South African offshoot sees growth, Page 20

● EIGHT U.S., European and Japanese banks have pulled out of Iran Overseas Investment Corporation, London consortium bank, and sold their shares to two Iranian banks. Page 20

● ARBAT, London-based computer systems company, has sold four U.S.-built minicomputers worth more than $1m (£590,000) to China. Page 3

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# Israelis confident of agreement this week for PLO evacuation

BY OUR FOREIGN STAFF

AGREEMENT ON the evacuation of Palestine Liberation Organisation forces from Beirut may be completed this week, the Israeli Government said in Jerusalem yesterday.

The statement followed a Cabinet meeting to discuss the latest proposals from Mr Philip Habib, U.S. special envoy.

No details were released and Mr Habib later flew back to the Lebanese capital to report to PLO negotiators. "I have pretty much done what I had to do," he said.

Washington also seemed confident a solution was close. The U.S. was "reasonably optimistic" of a Lebanon settlement, and "hopes and believes" that the ceasefire in Beirut is holding, Mr James Baker, White House chief of staff, said on television.

In Jerusalem, government officials indicated that the Cabinet had offered Mr Habib some concessions. One official said Israel's earlier insistence on having a full list of PLO fighters quitting Beirut was "no longer a sticking point."

Israel radio reported later that the Government had agreed of a small United Nations observer force participating in the evacuation plan. They would be made up of UN forces in Lebanon.

Until now Israel has insisted that the UN should have no role in the removal of PLO forces from Beirut.

Israel was reported to have softened its demands on the role of the proposed multinational force expected to move into the Lebanese capital as the PLO pulled out. One official said this was no longer a major problem.

Israel state and army radio stations said the Government was insisting that the force be confined to the gathering points of the withdrawing PLO and Syrian forces, and that the participating governments pull out their forces and let the Israelis in if there was any sign that the guerrillas were trying to renege on the evacuation agreement.

The army station said that Mr Menehem Begin, the Prime Minister, had told the Cabinet he was convinced an agreement was attainable and Israel could show flexibility.

It was, however, adamant on one demand—the return of a Skyhawk pilot taken prisoner by the PLO and the bodies of nine missing Israeli soldiers. Four were lost in Lebanon in fighting in 1978.

There were reports from Beirut that the evacuation of the PLO could begin next weekend. The tentative deadline had been passed on to the U.S., France and Italy which have offered troops for a post-evacuation peacekeeping force.

In Italy a special battalion of infantry was preparing to leave. White-painted tanks, trucks and other vehicles left the north by train on Saturday for the southern port of Brindisi to await sailing orders for Lebanon.

The Israeli army reported yesterday that the war zone round Beirut was quiet. Two Israeli soldiers, injured by a car bomb on the road between Damascus and Beirut on Saturday, died later, bringing the official Israeli death toll to 324.

With the ceasefire holding, life in beseiged West Beirut has improved a little. Some streets have been cleared of rubbish and some broken water mains repaired. Electricity supplies, however, cut by the Israelis three weeks ago, remained turned off.

# Reagan's tax Bill clears hurdle

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's controversial Bill to increase taxes was cleared by House and Senate negotiators early yesterday, after a marathon session lasting 10 days and nights. The Bill, intended to raise almost $100bn over the next three years, now faces an uphill battle to win approval on the floors of the two Houses.

Mr Reagan was continuing his massive lobbying campaign for the Bill over the weekend and is to address the nation on television tonight to try to win grass roots support. Voting is expected to take place later this week.

By investing so much of his credibility in his bid to crush the conservative Republican rebellion against the Bill, Mr Reagan is widely seen here as taking a major political risk. If the rebels succeed in defeating the Bill, the danger for the President is that he will be split from his traditional right-wing base in the party.

In the closing hours of the House-Senate Conference Committee's negotiations, agreement was reached on a doubling of the Federal cigarette tax to 16 cents a packet—a move that could make the Bill's adoption more difficult in the Senate, where powerful tobacco interests are represented.

In agreeing to extend unemployment benefits, however, the negotiators appeared to have improved the Bill's prospects in the Democratic-controlled House of Representatives.

Mr Dan Rostenkowski, the Democrat chairman of the House Ways and Means Committee, expressed optimism that the House would pass the Bill.

As a sop to the business community, which faces a host of tax increases on corporations and wealthy individuals, the committee abandoned a proposal to halve the allowable tax deductions for business entertainment—the so-called "three-Martini lunch." Instead it voted to tighten up on the tip income received by waiters.

Other decisions reached in the closing stages of the negotiations included a sharp reduction in special tax benefits for high-income individuals participating in corporate pension plans, and the elimination of breaks for insurance companies which use subsidiaries or other companies to shelter income from regular tax rates.

A provision allowing long-term contractors, particularly in the defence and aerospace industries, to defer liabilities to the Federal Government for 10 years or more, would be severely restricted.

Across-the-board cuts were voted in several other special business tax breaks, including those for exporting companies using domestic and international sales corporations (Disc).

A wide range of airport user fees and taxes would be raised, including ticket taxes and freight taxes and a new $3 levy on international tickets would be introduced. The telephone excise tax would be increased from 1 per cent to 3 per cent.

Much of the Bill, however, as Mr Reagan has constantly pointed out, provides for closing loopholes and tougher collection procedures. He maintains that the Bill will have little effect on the average American.

# World economic prospects worse

By Reginald Dale, U.S. Editor, in Washington

THE PROSPECTS for world economic development have worsened in the past year, largely as a result of the recession in the industrial countries, the World Bank said yesterday.

In its Annual World Development Report, the bank said that "the list of reasons for pessimism is long."

Apart from recession, which also heightened the threat of protectionism, the list included the developing countries' adverse terms of trade and depressed export volumes, more volatile exchange rates, large debt repayment burdens and no growth in aid.

The bank's study called on industrial countries to resist protectionism, permit access to capital markets and increase concessional aid flows to low-income developing countries.

The economies of the middle-income countries should be able to continue to grow faster than those of the industrial countries, despite all the obstacles, it said.

Prospects for the poorest, particularly in Africa, remained "a matter of grave concern," the bank said. Even India and China, highlighted in the report as success stories, might not sustain progress made in the mid-1980s without continued external assistance.

It maintained its prediction of last year that annual economic growth rates for developing countries would average from 2.2 to 3.2 per cent, but said that the figure was likely to be near the lower end of the range because of the 1981-82 recession.

It repeated last year's equivalent figure of between 2.8 and 3.6 per cent average annual growth in industrial countries, but the "high case" could be achieved only with considerable difficulty. The bank said that with new "growth poles" emerging, developing countries were becoming less exclusively dependent on industrial countries as a single growth source.

Heavy emphasis was put on agriculture as a key to development, though officials stressed that agricultural priorities varied from country to country. Agricultural protectionism in the industrial countries, especially the U.S., the European Community and Japan, remained a major problem for the developing countries.

Fewer restrictions on farm trade by industrial countries would lead to "very tangible benefits" for the developing world though the benefits would be unevenly distributed, the officials said.

Poorest nations in greater need of aid, Page 2

# Elf and Total set for £1.7bn drilling project

BY RAY DAFTER, ENERGY EDITOR

ELF and Total, two French companies, likely to give the go-ahead next month for a £1.7bn oilfield development in the UK's North Sea sector, plan a drilling programme that could lead to a further major project.

The companies, which are putting the finishing touches to the development plan for the North Alwyn oil and gasfield, propose to drill appraisal wells on the South Alwyn reservoir discovered in 1975.

The two fields, in adjacent licence blocks, lie just over 100 miles east of the Shetland Islands.

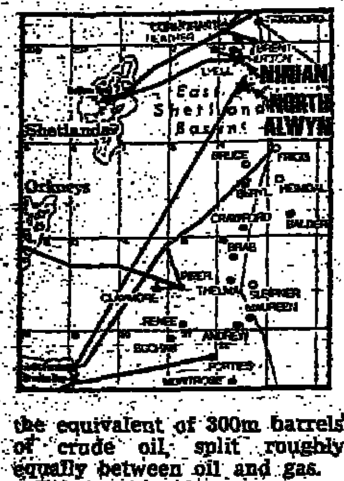
If the appraisal drilling is successful, Elf and Total may install a production platform linked by pipeline to the proposed North Alwyn production and transport complex.

Total, operator of the licence blocks with a one-third interest, has approved the development of North Alwyn. "As far as we are concerned, we are ready to go," it said.

Formal application for government consent to the proposals is being delayed by Elf, which has a two-thirds stake. It is understood that M. Albin Chalandon, Elf's chairman, is reviewing the proposed investment in the light of the company's total capital programme in France and abroad.

The Energy Department, anxious to see development proposals, was hoping that Elf and Total would submit an application earlier this month. Officials were preparing to speed the vetting system so the two companies could place equipment orders with the work-hungry offshore supplies industry. An application is not now expected before next month.

In terms of recoverable oil and gas reserves, North Alwyn will be among the most expensive North Sea development projects. It is estimated that total recoverable reserves are




the equivalent of 300m barrels of crude oil, split roughly equally between oil and gas.

The gas will be transported via the nearby Frigg pipeline system to St Fergus, near Peterhead, Scotland. It is understood that the British Gas Corporation has paid about 22p-23p a therm for the supplies beginning in 1985 or 1986.

Oil from North Alwyn is to be fed into a pipeline based on the neighbouring Ninian field. It is believed Elf and Total have agreed to take an equity stake in the Ninian pipeline and the oil reception terminal at Sullom Voe in the Shetland Islands.

The production complex in the field will be based on two steel platforms, one for drilling and production, the other for processing.

Elf and Total officials have emphasised in their preliminary discussions with Government that the development could be little better than economically marginal given present energy prices and offshore taxation. According to industry reports the development may have been insufficiently profitable but for the most recent changes in taxation, in particular the proposed abolition of Supplementary Petroleum Duty.

## MARKETING POLICIES ATTACKED

A SECRET report being considered in Whitehall attacks the fuel marketing policies of British Gas Corporation and the electricity supply industry because, it says, it works against the Government's energy conservation policy.

The report also says that Government has failed to convince much of British industry that high energy prices are a vital element in the country's conservation programme.

The conclusions are contained in a study into energy efficiency in industry prepared this spring by consultants Armitage Norton for the Energy Department. Full details of the report, said by the Department to be "still under consideration," have yet to be made public although the energy conservation industry was expecting publication last month.

According to the conservation industry the Government may be embarrassed by some of the findings. Page 5

### DECLINE OF A REGION'S 'MILITANTS'

# Power gap on shop floor

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

THE POWER of shop stewards, once the base of trade union strength in the West Midlands manufacturing industry, is crumbling.

Stewards in the region's engineering companies are on retreat in the face of authoritarian management.

The unprecedented pace and depth of recession has undermined shop-floor confidence and morale. And with full-time union officials unable to fill the gap, sweeping changes in productivity and working practices are being pushed through unhindered.

Sir David Perris, regional secretary of the TUC, traces the decline in the shop-floor strength to the sacking in November, 1979, of Mr Derek Robinson, convenor at BL's biggest factory at Longbridge, Birmingham.

"There is no doubt that dismissal marks a watershed in our generation in terms of shop-floor organisation," he argues. "When the lads at Longbridge went back to work and let Robbo go out through the gates it represented a shift in management - labour relations that has a significance out of all proportion to what happened that day."

The West Midlands, once regarded as the pace-setter for pay deals, can now be held up as the example for wage restraint. Many workers have forgone an increase while others, according to the regional office of the Confederation of British Industry, are settling around the 2.5-3 per cent mark.

Mr Chris Walliker, regional chairman of the CBI, says: "There is certainly more co-operation. The uncertainty of future employment has made people wake up to the need for change. At base, it is a fear of loss of jobs."

The constant stream of closures, rationalisation programmes and redundancies has taken its toll of union membership. Only the National and Local Government Officers Association and the National Union of Public Employees have bucked the trend as the fear of the loss of jobs has forced workers to seek the protection of unions.

Mr Brian Mathers, chairman of the West Midlands region of the TUC reports that membership has dropped across the manufacturing sector. His own union, the transport workers, has seen its regional membership fall by 105,000 to 282,000 since 1979.

With the basic contribution at 50p, the union must be losing at least £50,000 a week or more than £2.5m a year.

The very pressure on finance undermines militancy. One

**West Midlands: REGION IN RECESSION**

major union is reported to be subsidising activities in the West Midlands with funds from another, less-affected region. A senior regional official of one big union complains: "The question of whether or not a dispute is given official support depends less upon the merits of the issue than the state of national funds. That is not only unfair but immoral."

The tough management line at BL has led to the 23,000 strong workforce at Longbridge being more than halved in recent years. Yet the plant is expected to turn out more cars this year.

Talbot, the Peugeot subsidiary, at its two Coventry factories, claims a 40 per cent increase in productivity in two years, with employees conceding radical changes in work practices.

This sharp shift can be traced back to the loss of shop stewards' status and confidence.

In the engineering industry, the base of negotiations is the piecework system, under which workers had direct control of the pace and the rate for the job. Such control meant pay and conditions were established at the point of production—power was entrenched on the shop floor.

Under that system, shop stewards bred in a post-war era when the world appeared to be crying out for British cars and engineering goods, gained a confidence that management would defer to their demands.

One experienced official recalls: "The trade unions, particularly in Coventry, gained a cockiness that they could always deliver the goods for the members. Caution went to the wind."

The jolt to that confidence in the past two years has led to shop stewards retreating in disarray, according to Prof William Brown, director of the industrial relations research unit at Warwick University.

And the very strength of shop stewards at plant level meant they kept full-time officials at arm's length. "When the shop stewards crumble the trade unions are left with no spine," he argues.

With the erosion of shop steward power, management tactics have changed.

A few years ago a management wanting to change working practices would have gone to the shop stewards and, after the ritual wrestling match, settled for half of what it really wanted.

Today, managements tend to go straight to the workforce, spell out the financial reasons why change must take place, set

Continued on Back Page

# OVERSEAS NEWS

## Emergency declared in Somalia

MOGADISHU — President Siad Barre of Somalia declared an emergency yesterday in the regions along the Somali-Ethiopia border where fighting has been taking place for the last six weeks.

An official announcement said the emergency was declared "as a result of the naked Ethiopian land and air attack against Somalia."

The decree followed two days of heavy fighting in and around the border towns of Galdogob and Balambale. The Defence Ministry said Somali forces had made a surprise attack on the Ethiopian forces in these areas.

The Ministry said the Somali forces killed 580 Ethiopians and wounded many more, while 64 were killed and 157 wounded on the Somali side.

A local journalist in the war zone reported that Somali troops on Thursday and Friday overran a large Ethiopian military position.

Reuter.

### Angolan Cabinet reshuffled

Three key economic portfolios have been affected in a cabinet reshuffle announced by Mr Jose dos Santos, the Angolan President, this weekend, Our Foreign Staff writes.

Mr Lopo do Nascimento loses his post as Minister of Trade and Planning but apparently retains his place on the central committee of the ruling MPLA party. He is replaced by Mr Ismael Martins, the former Finance Minister, who in turn is succeeded by Mr Augusto do Matos, a former deputy minister. The deputy minister for Internal Trade, Mr Adriano dos Santos, becomes a full minister.

The changes follow a series of critical appraisals of Angola's depressed economy by the President.

### Zambia to reopen talks with IMF

ZAMBIA plans to reopen negotiations next month with the International Monetary Fund (IMF) on further drawings of a $860m urgently-needed loan aimed at boosting its ailing economy, Mr Kebby Musokotwane, the Finance Minister, was reported yesterday as saying, Reuter reports from Lusaka.

Paul Taylor reports on the Congressional hearing in Oklahoma City

## Penn Square chiefs face the limelight today

THE KEY OFFICERS and directors of Oklahoma City's Penn Square Bank will for the first time face public examination today, six weeks after the bank collapsed sending shock waves through the U.S. banking system.

Among those due to give evidence to the members of the House banking committee which has set up office in Oklahoma City for the day, are Mr Bill Jennings, the bank's energetic chairman who steered it into the fast-growing energy lending business which was subsequently to prove its downfall when oil prices slumped, and Mr Bill Patterson, Penn Square's young energy lending officer who earned a reputation as a ready source of funds for the energy industry.

Both men have studiously avoided the limelight in the aftermath of the bank's collapse on July 5 when worried Federal officials closed Penn Square and began liquidations. Penn Square's assets, spurred on by the discovery of natural gas deposits in and around Oklahoma, had grown from $30m in 1974 to over $500m when it failed, leaving hundreds of millions of dollars of losses to lenders and depositors.

But Mr Jennings and Mr Patterson are not the only two witnesses who can expect some tough questioning from the committee chaired by Mr Fernand St. Germain, the Democrat congressman from Rhode Island who has already made it clear that he expects some hard answers from the bevy of Federal regulators and officials responsible for overseeing the health of the nation's banking system.

In earlier hearings in Washington, Mr St. Germain, after listening to evidence from the Comptroller of the Currency's Office, which regulates Banks, that an investigation in April 1980 had revealed a series of problems at the bank, said "hundreds of investors placed money in an institution which an agency of the U.S Government knew to be unsound. Public monies were used to analyse the bank, collect data, to analyse the condition, but the public did not receive the results of the work they paid for."

Accordingly the committee will be seeking explanations from the regional comptroller of currency, the Federal Deposit Insurance Corporation — the Government agency that protects bank depositors against failure up to $100,000—and the Federal Reserve president from Kansas City about why the whistle was not blown sooner.

The committee will also be taking evidence from Arthur Young and Co, the bank's auditors who qualified Penn Square's 1980 financial statements saying that the bank's reserves for possible losses were not adequate, and Peat, Marwick Mitchell and Co who subsequently took over as auditors and removed the qualification from the 1981 statements.

Among the key questions which the banking committee hopes will be answered during the investigation are:

- What went wrong at Penn Square and why?
- Was there sufficient disclosure of information by the bank?
- Could the various government agencies have made more use of their supervisory powers?
- Was there sufficient coordination between the government agencies responsible for overseeing the bank's affairs?
- What impact has the collapse of Penn Square had on the U.S. banking system?
- Could the bank's failure have been avoided and what steps should be taken to prevent similar collapses in the future?

Some insights into the bank's failure have already emerged during preliminary hearings in Washington. For example, bank regulators have revealed that Penn Square was flouting existing bank regulations and the Federal Bureau of Investigations has been called in to examine criminal allegations.

It is, however, also clear that the House banking committee intends to investigate all aspects of what one Congressional aide described as "a classic bank failure."

In addition it seems likely that today's hearings will provide Mr St Germain and his colleagues with some of the ammunition they require to push for a greater degree of bank disclosure.

Such a development would meet strong resistance from within the U.S. banking industry and probably from the bank regulators. Mr Paul Volcker, the Fed chairman, has already said that the Penn Square collapse was "isolated and containable."

## Saudi relations with Aramco strained by fall in oil output

BY RICHARD JOHNS

RELATIONS between the Saudi Arabian Government and the four U.S. majors who are partners in the Arabian American Oil Company's (Aramco) operations have become seriously strained because of a marked fall in Saudi oil output.

As a result, Saudi Arabia is considering selling to companies outside the group — which includes Exxon, Socal, Texaco and Mobil—according to the Middle East Economic Survey.

The news letter says Aramco production is expected to drop to 5.5m b/d in August, the lowest level of the past decade, because of the four majors' objections to the relatively high price of Saudi crude.

Since the Saudi Government took full control over their assets and their role was reduced to one of a joint service company in 1976, they have continued to enjoy privileged access to oil from the biggest producing operation in the world.

The four American companies have lifted all Saudi oil except the volume sold directly by Petromin, the state-owned oil corporation, to third-party customers or used domestically.

MEES estimates the present volume of Petromin's commitments at 1.6m b/d but says that actual liftings have been much lower because of market commitments. It suggests that liftings by Aramco partners may be only some 3m b/d.

The companies are understood to have been making representations to the Saudi Government for more than a month. They have complained of Saudi prices — based on $34 per barrel of Arabian Light, also the reference for the Organisation of Petroleum Exporting Countries (Opec) — being too high at a time when fellow-members are offering various forms of discounts.

The average Opec price in relation to Arabian Light (after allowance for quality and transportation differentials) is now reckoned to be well below $32. In the meantime, other members of Opec have exceeded the allocations set under the production programme begun in March but which collapsed last month.

Saudi Arabia's warning to the companies can, at least, be seen as evidence that it has no intention of lowering its $34 price and is not prepared to make any other concessions to satisfy the four majors.

At the same time, the Kingdom is evidently feeling the squeeze on its revenue from falling oil output. It is believed to need an Aramco requirement of about 6.5m b/d to maintain its current and capital development spending programme without drawing upon reserves.

Opec's four-man Ministerial committee, set up to monitor the oil market and headed by Dr Mana al Otaiba, of the United Arab Emirates, is scheduled to meet in Vienna on Friday, August 20. But in the present situation no strong recommendations are expected from it, nor is the session likely to be followed by a full-scale conference.

The majority of members would not want to risk another deadlock following the failure of the Opec conference in Vienna last month to settle the question of production levels.

## Iran's armed forces seem poised to open up new front in Iraq

BY TERRY POVEY

IRAN'S ARMED forces seem poised to make yet another push to try to break the Gulf war deadlock, after four weeks of indecisive fighting in southern Iraq.

Colonel Sayyed Ali Shirazi, Iran's hawkish ground forces commander, has in the last few days, according to diplomats and others, been given the green light by the country's leader Ayatollah Khomeini for what could become the bloodiest battle so far in the 23 months long Gulf war.

In Tehran, there is growing speculation that the next offensive will involve the opening of a second front inside Iraq. The areas being mentioned lie further north than the present battleground, close to the Iraqi port-city of Basra. There is even the possibility that the attack will be made from close to the Kurdish town of Marivan, with the objectives being the important city of Sulaymaniyah, 50 miles inside Iraq, and then the major oil centre of Kirkuk another 50 miles further on.

Yet, in Iran's capital there is a growing opposition to the war. Many Iranians appear to feel it should have ended when Iraq beat its retreat after the recapture of Khorramshahr more than two months ago.

This anti-war feeling has strengthened as the casualty toll from the five offensives launched against Basra so far become more widely known. Senior army officers speak of losing 1,000 men a day, dead, captured and seriously injured, in the first three weeks of the cross-the-border campaign.

The pro-war elements in Iran's leadership have, as a result, had to spend much time justifying the continued fighting. Their arguments and explanations for why the war is still going on are being repeated over and over again in the heavily state controlled media.

In spite of these explanations, even some of the most militant supporters of the fundamentalist regime are now expressing bewilderment at the course of events. "We just don't understand why we are still fighting and why our children are still dying," said one reached by phone from Tehran last week.

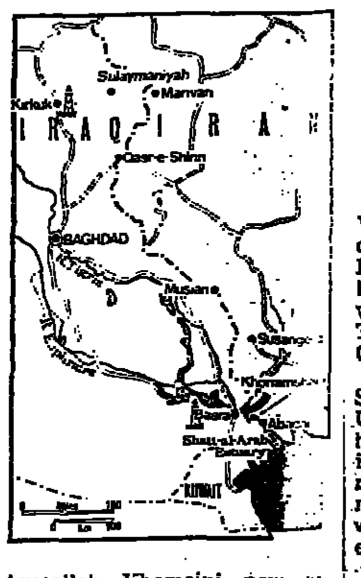
Reports from key revolutionary guard and militia units suggest that even the most fanatical are now having doubts about the war.

After Iran invaded Iraq on July 13, the doves in the regime, among which were reportedly the President, the Prime Minister and the Foreign Minister, tried to divert Ayatollah Khomeini away from his apparent commitment to a full blown invasion aimed at capturing Baghdad and setting up an Islamic Republic.

They suggested that the purpose of the invasion was to establish a *cordon sanitaire* (to prevent shelling of border towns and cities), and when this was not taken up, that getting the non-aligned summit moved out of Baghdad would be enough to claim victory.

But to all of this, the militants answered with their war cry: "To Karbala and Najaf without passports" (these being the two most important Shi-ite shrines, both in Iraq). Even Ayatollah Khomeini now appears to have passed up these opportunities to get himself and his regime off the hook of continuing the war for ideological reasons only.

Faced with increasing opposition to its war policies, the regime has turned on those of its opponents it can strike at without too strongly destabilising the still fragile government machine. The pro-Moscow Tudeh Party and Fedayeen guerrillas both report increasing harassment of their members and the banning of their newspapers has recently been renewed.



## Vietnam 'steps up activity in Kampuchea'

By Jonathan Sharp in Bangkok

VIETNAM, far from winding down its military presence in Kampuchea, as it has claimed, has stepped it up in recent weeks, according to the head of Thailand's National Security Council.

Squadron-leader Prasong Soonsiri also said the Soviet Union, Hanoi's main benefactor, had established an electronic intelligence centre inside Vietnam with a number of long-range reconnaissance aircraft which could keep watch on the entire region as far as Japan.

Fresh supplies of Soviet-made T-54 tanks, plus armoured personnel carriers and other heavy equipment had been moved into Kampuchea for the Vietnamese forces who have been there since late 1978, he added.

The T-54 is an elderly weapon, but Sqn-Ldr Prasong said the other equipment sent to Kampuchea included an advanced version of the standard AK-47 assault rifle.

He interpreted these moves as meaning a stepped-up campaign against the Kampuchean guerrilla forces which in June came together in a loose coalition under Prince Norodom Sihanouk.

## Poland calm after rioting

BY OUR FOREIGN STAFF

POLAND was calm at the weekend following bitter rioting in the northern port of Gdansk on Friday and disturbances in three other cities.

At a gathering of some 120,000 pilgrims in the shrine at Czestochowa yesterday, Archbishop Jozef Glemp, the Polish Primate, called for a new dialogue between the people and the military authorities to eliminate what he called "invisible hatred."

There were no demonstrations and only a few of the congregation wore the insignia of Solidarity, the suspended trade union.

The streets were quiet in Gdansk and Warsaw, the capital. In Gdansk, scene of battles between police and about 10,000 pro-union demonstrators on Friday, people placed flowers at memorials and sang hymns.

# WORLD BANK DEVELOPMENT REPORT

## Poorest nations in greater need of increased aid

BY WILLIAM DAWKINS

THE POOREST countries in the developing world are in greater need than ever of increased concessional aid and more access to international capital markets, the World Bank warns today.

It says the most poverty-stricken countries have suffered "direct detrimental effects" in the past two years because the growth in official development assistance (ODA) from industrialised nations has been weak.

While aid flows increased sharply in the past decade from $4.1bn in 1970 to $22.8bn in 1980, the growth in net ODA is now slackening and is predicted in the bank's annual world development report to reach only $25.8bn this year.

The low-income countries' position is made more difficult by the paradoxical fact that most of the aid tends to go to middle-income economies — 63 per cent last year.

At the same time Western donor countries' economic problems and anti-inflationary policies have driven up interest rates, making borrowing more expensive, while industrialised countries' attempts to reduce budget deficits have meant that recipients of aid have lost out.

The report warns: "To facilitate greater capital flows, aid must not be allowed to suffer from pressure to cut fiscal deficits."

The bank praises Italy for being one donor country which has not allowed its aid programme to suffer from such pressures. Although its proportion of ODA to gross national product (GNP) is now about half the average of 0.37 per cent of big donors, Italy plans to raise this to 0.7 per cent by the end of the decade.

Rome has recently agreed to provide L450bn of concessional assistance for co-financing of World Bank projects over a three-year period—the largest agreement of its kind concluded by the bank.

"Italy's determination to enlarge its aid programme substantially is an encouraging illustration of the impact of a dedicated, well informed and energetic information campaign," the bank notes.

Members of the Organisation of Petroleum Exporting Countries (Opec) have also been generous—even taking into account their oil revenues. Relative to their incomes, Opec members are six times more generous in their aid efforts than industrialised countries, the report claims.

The bank predicts that if industrialised countries' economic recovery is further delayed, then aid flows will grow in real terms more slowly than GNP, possibly bringing the average ratio of ODA to GNP down to 0.33 per cent.

"The share of private financing in total capital flows would thus grow markedly," the bank notes. Of total capital flows to developing countries, the share of ODA fell from 43 per cent in 1970 to 35 per cent in 1979—even though total aid increased sharply during that period.

Last year, $48bn of the $99.5bn net capital flows to developing countries came from private sources.

If real interest rates remain high and developing countries' exports—particularly of commodities—remain depressed, the bank predicts: "Developing countries' borrowing from financial institutions would scarcely grow at all in real terms."

*This is particularly* true of low-income countries, whose share of private capital flows to developing nations is a mere 2.2 per cent. The bank does not see them as being likely to get additional access to capital markets in the next decade.

At the same time, volatile interest rates and the changing make-up of international capital flows have brought some borrowers to a severe liquidity crisis. This in turn has made banks more cautious.

"The Polish debt difficulties have had a chilling effect on the world environment for capital flows, which is beginning to be felt by several countries, including Romania and Hungary."

Developing countries' total outstanding debt reached $516.6bn last year — compared with $445.2bn in 1980—of which $338.8bn was debt to private *lenders, and the rest owed to* official sources.

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## West urged to keep protectionism under control

BY STEPHANIE GRAY

PROSPECTS for many developing countries this decade will look increasingly bleak unless the West boosts aid to agricultural projects and research, the World Bank argues in its latest development report, published today.

This emerges against a background of declining funds from industrialised nations, continued weakness in commodity prices — far outstripping benefits of cheaper oil — deteriorating export opportunities and a poor outlook for commercial borrowing.

Another lengthy recession *has revived an old debate* and the bank has come down firmly on the side of the link between progress in agriculture and its determination of the speed at which countries can industrialise.

It seeks to redress the balance of investment in agriculture by industrialised and developing countries alike.

While many Third World nations have proclaimed agriculture and rural development as the cornerstone of their national plans, most have allocated only between 5 and 10 per cent of their government budgets to the sector in recent years. Priorities need to be reconsidered, the report says, if output is to improve.

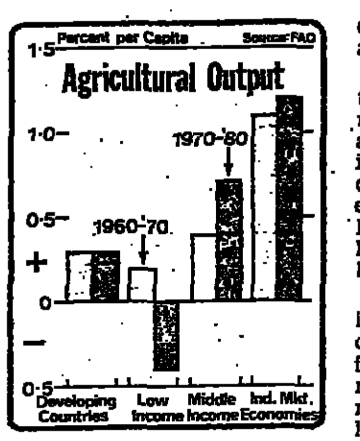
At the same time, industrialised countries' official assistance to farming in developing nations slowed to $10bn in 1979-1980 after more than doubling, in real terms, between 1973 and 1978. Aid to their domestic agriculture, however, was typically eight to tenfold greater.

The need for the West—especially the EEC, Japan and the U.S.—to keep protectionist pressures under control has again been emphasised in the report as one of the most effective ways richer countries can help the poor ones.

Should there be little improvement in the 1980s, the bank warns, "social and political tensions created by unemployment could seriously complicate economic management."

The report urges a shift in concessional aid from middle to low income countries, 70 per cent of whose population depends on agriculture, and emphasises the benefits of recurrent investment against the present almost exclusively capital oriented projects like ambitious irrigation works.

It advocates instead a strengthening and expansion of international research




centres to cover more crops and more ecological conditions. Higher production of commodities like coarse grain, sorghum, pulses and tubers — eventually for export — might ease dependence on tea, coffee and cocoa for income.

While international prices for tropical beverages, on which many low income countries rely, are unlikely to improve, trends in grains, cattle feed and food crops look increasingly good, especially in areas such as Eastern Europe where there have been consistently bad harvests.

The report urges greater investment in low income countries in the education of farmers, simple technology, rural infrastructure and management with the use of local labour, improved marketing methods and research into alternatives to pesticides and other chemicals with the aim of preserving soil quality.

It emphasises the vast energies and dynamism of the poor, the importance of using local knowledge to greater benefit in design and management of development schemes, and, in the right conditions, *high productivity of farmers*, especially small ones.

In many middle-income countries, the seeds of enormous expenditure, especially in education and health care for rural populations, are about to sprout, the bank says.

Already, per capita income in these countries has increased from $430 to $2,000 a year.

However, in low income countries apart from the success stories of China and India —which may not be able to sustain the progress they made in the 1970s without continued external assistance — output growth is likely to remain severely depressed.

## Prospects for sub-Saharan Africa a matter of grave concern

BY MICHAEL HOLMAN

*SUB-SAHARAN* African countries fared badly in the 1970s and the decade ahead looks no more encouraging: "Their prospects are a matter of grave concern," warns Mr Tom Clausen, President of the World Bank.

The report singles out the region's weak agricultural performance as an important reason for a poor growth record.

African agricultural output fell from a yearly growth rate of 2.7 per cent between 1960 and 1970 to 1.3 per cent in the seventies. But the worryingly high rate of population growth meant that output per capita which grew at 0.2 per cent in the sixties fell by 1.4 per cent a year between 1970 and 1980.

Food output during the two decades fell from 2.6 per cent to 1.6 per cent, while per capita production declined from a marginal annual improvement of 1.1 per cent in the sixties to a fall of 1.1 per cent in the next decade.

With these low or negative growth rates "Africa presents a major challenge to domestic policy makers, and the international community alike."

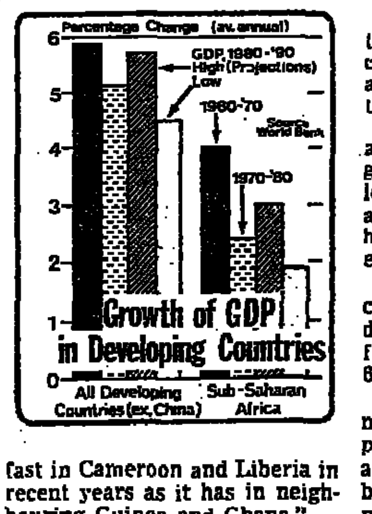
But short term prospects are poor, and some sub-Saharan countries are "in a situation even more desperate than a year ago." Development in the immediate future "depends very much on aid and trade trends, but in the longer run domestic policies are critical."

*Unlike the countries of south* Asia, where technological advances have resulted "in a tie in the race between population growth and agricultural production," in Africa "the race is at present being lost."

The lack of technological improvements is cited as the main reason for the region's *poor performance*, but the report also blames a range of domestic policy shortcomings.

Overvalued exchange rates, taxation of agricultural exports, heavy protection of fledgling industries and inefficient parastatal (state-owned) processing and marketing agencies all contribute to a bias against the farmer.

Yet appropriate domestic policies can have a marked effect: "Despite *the similar* resources and history of the countries, agricultural productivity has increased twice as fast in Cameroon and Liberia in recent years as it has in neighbouring Guinea and Ghana."




But the report also warns of the impact on developing countries of "heavily protected and supported" agriculture in the developed world.

Developed-country disposal of agriculutral surplus, notably grains, can sometimes depress local food production, while agricultural protection policies have hit developing country exporters.

Thus he share of developing country sugar exports to the developed world has fallen from 88 per cent in 1970 to 64 per cent in 1978.

The report also notes the mixed blessing that oil has proved in Nigeria. There was almost zero agricultural growth between 1960 and 1980 despite national economic growth of 4.8 per cent a year.

In the 1970s, Nigeria's volume of agricultural exports halved while the volume of agricultural imports quadrupled.

But the report finds some encouragement in the results of the World Bank's three rural development projects in northern Nigeria in which 1,000 miles of feeder roads have built between 1975 and 1980 making farmers' access to markets and supplies easier.

"If agricultural technologies can be improved, additional resources mobilised, and appropriate policies adopted in industrial and developing countries," says the report, "then faster agricultural growth will be achieved."

## Developing countries more vulnerable to adverse economic shifts

BY STEPHANIE GRAY

DEVELOPING COUNTRIES have grown roughly twice as *fast as their industrialised* counterparts since 1973, the World Bank said in its report published today.

Faced with sharply increased prices for their imports of fuel *and manufactured goods*, developing countries borrowed more, boosted exports and substituted for imports. In many of them, investment rose as a proportion of gross domestic product.

This assessment, however, offers little optimism for low-income countries in the 1980s. Weakened by lower export *prices, substantial balance of* payments deficits and heavy debt burdens, developing countries are more vulnerable to adverse shifts in the world economy than they were a decade ago.

Private capital is more expensive, concessional aid has fallen and remittances from migrant workers in oil-rich nations are now also beginning to fade.

*Nevertheless*, the World Bank says, middle-income countries should be able to repeat the successful adjustment they made *to the adverse conditions of the* 1970s.

Sri Lanka provides a dramatic example of adjustments to external shocks and of the elusiveness of success in the face of continued deterioration in the international environment.

Changes in terms of trade between 1960 and 1980 meant the increase in the value of per capita GDP dropped and the country adjusted by raising in*vestment* while *curbing* consumption.

Through the 1970s rising investment in the development of *food crops, some import substi*tuting industries, tourism, and export and manufacturers helped increase the growth momentum of GDP. But once again the increase in the volume of GDP was offset by deteriorating terms of trade.

In 1980, Sri Lanka found itself with a volume of per capita GDP amlost 70 per cent higher than in 1960, a four-fold increase in real per capita investment, an *extraordinarily high capital in*flow, yet reduced consumption.

Policymakers still need, however, to continue emphasising *the importance of increasing* levels of domestic saving and investment, improving efficiency in the use of capital and responsible management of external debs, the banks says.

This last factor has taken on added urgency in the present recession. The changing composition of international capital flows and high interest rates brought eight countries to the Paris club and commercial *banks last year seeking* to reschedule debt. Through the 1970s debt re-scheduling agreements averaged only three a year.

For low-income countries, the picture is "mixed but generally bleak."

Continuing the main theme of the report, the Bank says developing countries with very few exceptions could gain significantly by giving greater priority to agriculture.

Science-based agriculture research can promote opportunities for growth. Further gains can be had from past investments in infrastructure.

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# Poor showing for Europe in trade with Chinese

BY TONY WALKER IN PEKING

CHINA'S BUOYANT trade performance in the first six months of this year—it recorded a surplus of $2.8bn (£1.64bn)—has been at the expense of industrialised countries like Japan and West Germany.

Countries rich in commodities, such as the U.S., Australia and Canada continue to do well in trade with China in contrast to the dismal showing by many European countries.

But the most spectacular downturn in trade with China occurred in the case of Japan, whose exports to China in the first six months of this year were down to $1.76bn—37 per cent less than the same period of last year. Japanese imports from China were up 14 per cent to $2.71bn, resulting in a massive turnaround in the balance of trade between the two countries, according to figures released in Peking. Japanese sales of plant and equipment were down by 60 per cent and sales of steel products were off by 10 per cent.

Similarly, West German trade with China has fallen dramatically this year. West German exports went down 22 per cent in the first five months of this year compared with the corresponding period last year, from $452.4m to $321.6m. West German imports from China in the first five months went up 3.5 per cent, compared with last year, from $284.4m to $294.4m.

Britain's trade with China continues to slide. In the first quarter this year, UK exports to the Chinese market were well down on last year, continuing the trend of the past several years. The picture for British traders in China is likely to continue to be a gloomy one.

Figures released in Peking this week by the U.S. Commerce Department showed that U.S. trade with China had held up well in the first six months of this year.

Sino-U.S. trade in the six months to June reached $2.75bn compared with $2.4bn in the corresponding period last year.

Although the main U.S. exports to China were down some 8 per cent this year on last year, a reflection of the readjustment policy which resulted in retrenchments in Chinese purchases of plant and equipment, the overall picture for U.S. business in China remains relatively buoyant.

Zhao Ziyang: would like to maintain commercial relations with the U.S.

The U.S. registered a $662.7m trade surplus in the first six months of the year compared with $990.1m in the corresponding period last year. U.S. exports to China in the six months to June 1982 amounted to $1.71bn, compared with $1.86bn in the first half of 1981. U.S. imports from China reached $1.04bn—about 20 per cent up on the corresponding period last year.

Wheat and raw cotton continue to be the main U.S. exports to China, although cotton shipments to the Chinese market registered a sharp drop due to increased production by China itself and also because the Chinese had built up reasonable stockpiles.

China's total exports in the first six months of 1982 jumped by 10 per cent compared with the corresponding period last year, while imports were down by 19 per cent.

China appears to be heading for a substantial trade surplus this year, in contrast to the small deficit it officially recorded on its visible trade in 1981. China's relatively strong trading position is reflected by the fact that it holds more than $5bn in foreign exchange reserves.

According to a report in the Shanghai-based World Economic Herald, China's improved export performance in the six months to June this year was due largely to increased shipments of petroleum products and machinery, which went up by 15 per cent and 19 per cent respectively.

A U.S. Commerce Department official said in Peking recently it was unlikely that China would pursue a long-term policy of maintaining a sizeable trade surplus. He observed that the Chinese were now well placed to increase purchases from the West.

The official said commodities such as chemicals, fertilisers and machinery for use in oil development were likely "target" areas for the Chinese.

The dispute over U.S. arms sales to Taiwan did not appear to have affected Sino-U.S. trade, he said. Both Zhao Ziyang, the Premier, and Deng Xiaoping, the powerful Communist Party vice-chairman, had said they would like to see commercial and economic relations with the U.S. maintained, in spite of political difficulties.

An interesting statistic provided by the Chinese is that exports of Chinese textiles to Britain in the first six months of this year recorded a jump of 179 per cent. Mrs Margaret Thatcher may be able to use figures like that on her visit to Peking next month as a lever on the Chinese to encourage them to buy more British products, as Sino-UK trade is now running more than two to one in China's favour.

# UK group sells $1m of computers to China

By Jason Crisp

ARBAT, a London-based computer systems company, has sold four powerful U.S.-built minicomputers worth more than $1m (£590,000) to China. The computers are to be used by the Civil Aviation Administration of China (CAAC) and the Peking Railway Administration.

Arbat—a subsidiary of Arbuthnot Latham—expects to win further orders and that China will spend $10m on micro and minicomputers this year. One of the key factors in winning the initial order, says Mr Doug Shilling, Arbat's Far East Director in Hong Kong, was the speed at which it negotiated the U.S. export licence, six months.

The computers are made by Digital Equipment, the second largest computer manufacturer in the world. The computers (PDP 11) will be used by the Peking Railway Administration to schedule trains and cargo movements.

It has 9,500 railway engines, 50,000 wagons on 30,000 miles of track which is highly inefficient because of the complexity and its lack of computers. Arbat says it plans to install micro and minicomputers at some 326 depots.

The aviation authority is to use its computers for freight scheduling and the management of aircraft maintenance. Arbat's China project director said it would be approaching UK and U.S. suppliers of computer equipment to bid for extensions to systems it had provided.

Arbat's income last year was £13m of which about £1m came from the Far East. It specialises in banking and communication systems

James Buchan in Bonn examines a vital transport link's future

# Fares threat angers Berlin carriers

A PROPOSAL by Herr Manfred Lahnstein, the West German Finance Minister, to phase out the 18 per cent subsidy which the Bonn Government pays air passengers to and from West Berlin is causing deep disquiet.

The British, French and U.S. civil air attachés, who regulate the traffic on the three air corridors into West Berlin, are furious at the lack of consultation and feel that the traffic and the economy of the isolated Western sector can only suffer.

British Airways, which shares with Pan Am all but a fraction of the Berlin traffic with Federal Germany, has warned of a 10 per cent annual drop in passengers if Parliament approves Herr Lahnstein's proposals. Because of the improved surface links to Berlin since the Four-Power Agreement in 1971 and the threat of a fuel tax as part of some future Bonn budget, the airline fears that traffic will have halved by the time the subsidy is ended in 1986.

In the city itself, Herr Norbert Blum, a Christian Democrat senator, called Herr Lahnstein's announcement a "decision against Berlin" and Herr Richard von Weizsaecker and the ruling mayor who is also a Christian Democrat, is now preparing for Bonn what is expected to be an exceptionally grim report on the city's economy. Chief among the fears of Berlin officials is the threat to the city's convention business and to Tegel airport, which is now facing ferocious competition from the other side of the Wall.

From Schoenefeld airport, which is outside the city limits and thus free from Four-Power jurisdiction, Interflug, the East German state airline, is offering cut-rate fares which attracted some 300,000 West Berlin passengers last year. With charter fares some 40 per cent below those of the Tegel operators, Schoenefeld is also thought to have picked up half of the traffic of Turkish *gasterbeiter* returning home.


The subsidy on Berlin passenger tickets was introduced in 1962, a year after the Wall was built, and was set at 20 per cent of the ticket price. Since then, the subsidy has fallen in relation to the ticket price to 18 per cent or less. Thus, on the busiest rout, which is Pan Am's Berlin-Frankfurt service, the passenger pays DM 348 (£80) for a return fare and the Federal Budget DM 62 (£14.50). The cost of the subvention was put at D M98m in the 1982 budget and is to be reduced by DM 25m a year from next year.

With characteristic skill, Herr Lahnstein and his officials tackled the major objections at the point of announcing their proposals.

● The Government has invested in improving the two motorways into West Berlin since 1971—including the East German stretches — and is planning to upgrade rail traffic so that the air subsidy has become a refinement.

● At least 60 per cent of Berlins air passengers are business people who are not as sensitive to higher prices as the ordinary citizen.

● Berlin, like every other city, has to bear its share of the drastic attempt to put state finances in order. The overall incentive payment to West Berlin, at DM 10bn, remains unchanged.

Opponents of the proposal, both in Berlin and elsewhere, argue that there is strong political pressure to cut the subsidy. No less a person than Herr Helmut Schmidt, the Chancellor, is said to be tired of Berlin's unremitting demands on the public coffers and to be suspicious that the airlines might be using the Inner German Services, as they are known, to cross-subsidise other operations.

The airlines were incensed by a remark from Herr Klaus Boelling, the Government spokesman, claiming that Pan Am and British Airways had been less than prodigal with information on costs and earnings on the Berlin routes.

Officials from the city, the airlines and the allies reject all of these arguments.

● The improvement in West German-East German relations that has made possible the better surface links does not mean that air services, which saved the city from blockade in 1948-49, should be allowed to decay. Further, some West German citizens dare not risk overland travel.

● In a year when corporate bankruptcies are up 40 per cent, many small and medium-sized concerns are becoming very sensitive to costs.

● The airlines say that even without the subsidy, their fares are still cheaper than the equivalent Lufthansa fare on routes within the Federal Republic. Lufthansa, which has set its face against cheap fares, effectively scuppered British Airways' proposal for a standby fare on the Berlin-Hanover route.

● Pan Am says that in the period 1973-79, when internal U.S. fares more than doubled, the DM price on Berlin routes went up only 52 per cent for the passenger and 57 per cent for the carrier. In that period, fuel costs went up eightfold, and the Berlin carriers consume over 10 per cent more fuel than is usual because of the 10,000 ft cruising ceiling imposed by the East Germans.

● Although there have been heavy fare increases since then, Pan Am says it lost DM 11m on its Berlin routes in 1981 while British Airways had a "bad year." This year, Pan Am expects a small profit and British Airways a slight deficit.

● As for the charge that they are being secretive, both airlines say they have provided full documentation to the civil air attachés.

At present, the problem is waiting until Parliament convenes next month. The attachés have yet to produce a formal response but hope that this pause, and Herr Lahnstein's promise to consider the question again, might help preserve the status quo.

SHIPPING REPORT

# Bleak conditions for dry cargo

BY ANDREW FISHER

SHIPPING RATES showed no signs of perking up last week. There was more tanker activity out of the Gulf, though Iraq's delcaration of a maritime exclusion zone caused concern. On the dry cargo side, conditions remained bleak.

It is becoming ever harder, for shipbrokers and anyone else commenting regularly on the industry, to find new ways of describing markets which have been flat for longer than most owners would care to recall.

Dry cargo markets, said Denholm Coates, "remain both quiet and exceedingly depressing." Tonnage of all sizes has been going into lay-up, but the long-awaited technical upturn which could occur as a result has not been seen.

Rates across the Atlantic do, however, seem to have bottomed out after their recent heavy falls. With a modest increase in business booked for the future, the next move in rates should be upwards. At present, the Soviets appear to be virtually out of the market.

Galbraith Wrightson said the Iraqi exclusion zone could mean that more owners will wish to keep their ships clear of potential danger areas. Most liftings from the Gulf last week were from Kharg Island off Iran where premiums still obtained.

## World Economic Indicators

INDUSTRIAL PRODUCTION
(1975 = 100)

| | | | | | % change over previous year |
|---|---|---|---|---|---|
| | June '82 | May '82 | Apr. '82 | June '81 | |
| U.S.* | 138.4 | 139.4 | 140.2 | 152.9 | −9.5 |
| | May '82 | Apr. '82 | Mar. '82 | May '81 | |
| W. Germany | 117.8 | 116.7 | 116.5 | 117.2 | +0.5 |
| France | 114.3 | 113.7 | 112.5 | 114.0 | +0.3 |
| Italy | 126.5 | 124.5 | 124.5 | 124.1 | +1.9 |
| UK | 104.6 | 105.9 | 103.9 | 100.5 | +4.1 |
| Japan | 144.8 | 147.3 | 150.2 | 142.2 | +1.7 |
| | Apr. '82 | Mar. '82 | Feb. '82 | Apr. '81 | |
| Netherlands | 107.0 | 107.0 | 106.4 | 108.9 | −1.7 |
| | Mar. '82 | Feb. '82 | Jan. '82 | Mar. '81 | |
| Belgium | 106.8 | 112.8 | 120.6 | 111.9 | −4.6 |

* 1967 = 100

Source (except U.S. and Japan): Eurostat

# Japan reaches record share of Swiss car market

By John Wicks in Zurich

JAPANESE CARS last year increased their share of the Swiss market to a record 27.2 per cent, as compared with 23 per cent in 1980 and 16 per cent the previous year.

Japan is second only to West Germany—with a 1981 market share of 39 per cent—as a supplier to the Swiss car market. The share of French cars continued its decline last year, falling from 19.4 per cent to only 16.4 per cent of all new registrations.

The most popular imported make remained Volkswagen, followed by Opel and German Ford. The most marked increases for the sales of major makes, however, were those of 38.8 per cent for Mazda, 41.7 per cent for Datsun and 43.9 per cent for Subaru. Among other Japanese cars, sales of Toyotas fell by 8.3 per cent over the year.

● The Swiss engineering company, Maschinenfabrik Rueti, has received an order worth SwFr 50m (£13.7m) from Springs Industries, of South Carolina, for the delivery of almost 800 air-jet weaving machines.

Rueti, which recently announced 300 redundancies and is currently working short time, says this major contract will provide an important contribution to its 1983 production programme.

## $200m aircraft deals

Michael Donne writes:

JET AIRLINER orders worth more than $200m (£117m) have been announced this week in the U.S. and Japan.

Japan Air Lines is to buy two more 747 Long Range jets from Boeing, worth about $100m and it will also buy a surplus Pan American Boeing 747 freighter, all for delivery in 1984.

Frontier Airlines of the U.S. is buying two McDonnell Douglas Super 80 airliners, worth in all about $45m, for delivery in December, while ALM Antillean Airways of the Netherlands Antilles is also buying two Super 80s, also worth about $45m, for delivery later this year.





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# UK NEWS

## Prior opposes ending Irish vote

BY PETER RIDDELL, POLITICAL EDITOR

MR JAMES PRIOR, the Northern Ireland Secretary, will strongly resist internal Conservative Party demands for early action to end the right of Irish citizens to vote in UK elections.

There has been growing pressure among Tory MPs to end this right. Several resolutions demanding immediate legislation have been submitted for debate at the Conservative Party conference in October.

Interviewed on the ITV programme Face the Press, Mr Prior said he hoped that Mr William Whitelaw, the Home Secretary, would not be in favour of the resolutions.

The obvious delaying tactic of Mr Whitelaw and Mr Prior is to say that they are awaiting the outcome of the inquiry into citizenship and voting rights being conducted in the next Parliamentary session by the all-party Home Affairs Committee of the Commons.

Mr Prior said in yesterday's interview that the whole issue of Irish voting rights required "careful thought."

It was right that the select committee should discuss the issue and that there should not be "any quick or sudden change." Mr Prior's comments yesterday are likely to increase the criticisms of him by the Tory Right.

Commenting that relations between the London and Dublin Governments were "pretty awful" now, Mr Prior stressed the importance of "good working relationships."

It was, he said, "a tremendous and terrible mistake to brand all Irishmen as pro-IRA and anti-British."

Our Belfast Correspondent writes: The Government is understood to have refused a request for short-term financial help from the UK consortium which wants to buy the De Lorean sports car company in Belfast.

How much this has harmed the consortium's chances may be revealed this week by Sir Kenneth Cork and Mr Paul Shewell, the joint receivers at De Lorean.

Sir Kenneth met Mr John De Lorean, the company's founder, in New York last week, and appeared optimistic about the progress of a plan for the unnamed consortium to acquire the Belfast operation, with Mr De Lorean continuing responsibility for the U.S. sales concern.

The plan proposes a second product alongside the sports car, but the receivers have not said what this would be.

Senior Ministers, including Mr Prior, are said to have turned down a request from the consortium for aid to help pay certain fees connected with raising the necessary capital of about £15m.

The Northern Ireland Office is less hopeful about the possibility of production being resumed. About £80m of public money was put into the company before it went into receivership early this year.

## Strike may cost Clydesdale new steel mill

BY LISA WOOD

UNOFFICIAL action in support of the health workers' pay demand last week by 1,300 steel workers at the Clydesdale Tube Steel works could mean that a £100m investment, under consideration by the British Steel Corporation, might go elsewhere.

However, plans for the seamless tube mill, which could be sited at Corby or Clydesdale, are not firm anyway, given the collapse of the market, particularly in the U.S., earlier this year.

Mr Ian McGregor, chairman of BSC, commented yesterday on speculation that the action by 1,300 of the 1,900 Clydesdale workforce had lost the mill the new investment.

"Unless there is some kind of evidence forthcoming from the responsible members of the workforce that they do not support or approve of this kind of unofficial action, then it is certainly one of the factors that will be taken into consideration," he said.

Last week Mr McGregor, on the eve of the action, condemned it as "irresponsible at a time when we are fighting for our futures."

The strike, on Friday, lost the plant two days' production after management decided it was not worthwhile opening just for Saturday. Those who took part in the action, all manual grade members of the Iron and Steel Trades Confederation, did so despite written instruction from their union not to.

The walk-out was in support of National Health Service unions' pay campaign.

BSC is in a tight squeeze this year between falling demand and an austere financing limit imposed by the Government.

In June, the Government said it would provide the corporation with £365m compared with the £461m BSC was looking for and the £768m provided last year.

The latest UK steel production figures for July showed that production was at its lowest level since December 1980 and was 21.3 per cent lower than a year ago. Last week the corporation announced another 1,122 job losses in its drive to bring down total employment from about 104,000 to 92,000 by next March.

In addition, BSC is in the midst of a major review of its plant configuration. The review is to be completed in the autumn, and there has been speculation that one of the five bulk steel making works may be closed.

## Sproat champions freer shopping hours

BY PETER RIDDELL, POLITICAL EDITOR

MR IAN SPROAT, the Parliamentary Under-Secretary for Trade, yesterday put himself forward as the champion of freer shopping hours. However the chances of legislation to ease current restrictions on hours and Sunday trading look slim before the next election.

The obstacles are Whitehall caution, a crowded legislative timetable and a reluctance to antagonise small shopkeepers and the vocal Sunday observance lobby at a delicate time in the electoral cycle.

Mr Sproat floated the idea of freer hours over the weekend in a BBC radio interview. He said a removal of present restrictions would provide "more convenience and choice to the customer and the housewife."

There would be no compulsion on shops and there would be more jobs.

Trading hours legislation is, however, a matter for the Home Office rather than the Department of Trade, which is the sponsoring department for the retail trade.

Mr Sproat conceded he would have to persuade colleagues and there would be big problems about securing legislation in the next session.

He mentioned the possibility that proposals for removing restrictions might be put forward in a private member's bill, which he hoped the Government might support.

Consumer bills often win a high place in the ballot for private members' bills each November and there is a ready-made bill available which has already been considered by Parliament.

A Shops Bill liberalising opening hours was put forward in the Commons in the 1980-81 session. It made no progress, largely because of the opposition of Labour MPs from USDAW, the shopworkers' union.

A similar bill was successfully pushed through the Lords in the 1981-82 session by Lady Trumpington but it made no progress in the Commons.

Mr Sproat's championing of this issue is significant since, alongside his pressure to privatise British Airways, it shows how he is making a name for himself as one of the most prominent advocates of free market solutions among junior ministers.

## Muted start to bank's Saturday hours

BY DUNCAN CAMPBELL-SMITH

BARCLAYS BANK'S Saturday morning opening got off to a muted but not discouraging start at the weekend, with 34 branches opening their doors from 9.30 am to noon.

Even at the High Street branch in Ruislip—where Mr John Quinton, Barclays' senior general manager, stepped forward to staff one of the tills for a while—there was hardly a stampede of eager customers.

It seemed the cashiers were sharing the available business about equally with the automatic cash dispenser outside.

Cash dispensers are not the only innovation since Saturday morning banking was abandoned by the clearers in 1969. There has been the growth of building societies' deposits, which last year picked up significantly more than the clearers and which appear to depend heavily on Saturday custom.

By September 11 Barclays will have 401 branches opening on Saturdays. The experiment will eventually draw on some 12,000 volunteer cashiers.

Several members of the Bank, Insurance and Financial Union, turned out at Ruislip on Saturday to express the union's opposition to the experiment.

Barclays' progress is being carefully monitored by the other clearers and could well prompt a general move—though only if business starts to pick up

## Stores to test transaction telephones

BY JASON CRISP

TRANSACTION TELEPHONES which can check the validity of plastic payment cards are to be introduced soon in several British stores as part of a major trial.

The telephones read the magnetic strip on the card and the shop assistant taps out the payment sum. The telephone is connected with the card company's computer through a data communications network. In seconds the transaction can be approved and this is indicated on a small liquid crystal display on the telephone.

British Telecom says it is seeking tenders from four companies for transaction telephones—Racal, Standard Telephones and Cables, Thorn-Ericsson, and Ferranti-GTE. The Racal transaction telephone has already received technical approval and the other three are expected to be approved shortly.

BT says it expects about 1,000 transaction telephones to be in use by early 1983. The first will be installed in stores including Harrods, Selfridges, Harvey Nicholls and Austin Reed.

The first two card companies to try the system will be Barclaycard and American Express. Fraudulent use of plastic cards is estimated to have cost £12m last year.

There may be a rapid growth in transaction telephones. BT suggested the number could reach 10,000 by the end of next year. One of the advantages is the speed with which a card can be verified.

## Taverne in running for national SDP body

By Peter Riddell, Political Editor

FIVE former Labour MPs are among the 64 candidates for places on the Social Democratic Party's national committee, which will be elected by its 65,000 national membership.

Four of the eight nationally elected members will be men and four women. The contests are wide open in a party where few people, apart from MPs, have had any chance to make a national name for themselves.

But two of the places are expected to go to Mr Dick Taverne and Prof David Marquand, both former Labour MPs. The other ex-MPs standing are Mr Michael Barnes, Mr Evan Luard and Mr Roderick MacFarquhar.

The only peer is Lord Kennet (Wayland Young), who was recently defeated for the leadership of the SDP group in the Lords.

Voting will take place at the same time as the postal ballot for the party's presidency. Mrs Shirley Williams, Mr William Rodgers and Dr Stephen Haseler are contesting for the presidency. Voting will close on September 21.

The national committee is elected by various franchises. Apart from the leader and president, there will be 18 other SDP members of the Commons (elected by themselves); two from the Lords; one from the European Assembly; 12 people elected from parts of the country by, and from, the Council for Social Democracy, the party's ruling body; three SDP local councillors; eight nationally-elected members and one under 25-year-old.

Several people with long involvement in battles on the right of the Labour Party, and with the Gang of Four in establishing the SDP, are standing for a place on the national committee. They include Mr Clive Lindley, Mr Anthony Lester, Mr Matthew Oakeshott (all of whom have been closely involved with Mr Roy Jenkins), Mr Roger Liddle (the former special adviser to Mr Rodgers and now leader of the SDP group on Lambeth Council) Mr Ben Stoneham (the Camden area chairman) and Mr Jim Daly, a former GLC councillor.

Other prominent candidates are Prof Richard Layard of the London School of Economics, the main author of the proposals for an inflation tax; Mr Nick Bosanquet, an academic and ex-councillor, Mr Anthony Sampson, the journalist and author; and Mr Douglas Eden, a long-time campaigner against the Labour left.

There are 24 women candidates, of whom the strongest runners for the four places are probably Mrs Anne Sofer, who won a Greater London Council by-election in St Pancras North last October, and Ms Polly Toynbee, the Guardian columnist who is a member of the party's steering committee.

Some of the candidates who fail to get elected by the whole national membership are likely to stand for the various other franchises, a process which is unlikely to be completed until November.

# Report criticises fuel-saving policy

**A government-commissioned study concludes that energy marketing activities are inconsistent with conservation aims, writes Ray Dafter**

A SECRET report being considered in Whitehall says the Government has failed to convince much of British industry that high energy prices are a key element in the country's energy conservation policy.

*The report also attacks the* marketing policies of the state energy industries for working *against* the *Government's aim* of limiting fuel consumption.

The study into energy *efficiency in industry* was prepared by consultants Armitage Norton for the Energy Department. The report was submitted this spring and its publication was expected last month.

The Department of Energy said at the weekend: "The report is still under consideration."

There is speculation in the conservation industry that the Government may be embarrassed by some of the findings, although Mr Nigel Lawson, Energy Secretary, did reveal a *number of the conclusions*—including the criticism of the state corporations—in a speech in May.

The report urges Mr Lawson to persuade, in particular, the area electricity boards and British Gas Corporation to change their marketing policies, geared to promoting sales.

It was felt that the supply industries should be more vigorous in informing consumers of *lower tariffs through* demand management and that they should voluntarily adopt standard units of energy measurement.

It was pointed out in the supply and conservation industries that the recommendations presented the Government with a dilemma. The state corporations' marketing activities stem from the need to meet financial targets and from ministerial pleas to be more commercially-minded.

Even so, Armitage Norton *says the marketing* activities are inconsistent with the Government's conservation policy. This is based on reducing energy demand through the pressure of realistic prices coupled with a programme of information on the benefits of conservation measures.

But Armitage Norton said the price mechanism did not appear to work as effectively as might be expected. About 40 per cent *of the companies investigated* in depth were unaware of the Government's pricing policy.

It was found that few of the 94 sample companies had implemented the full variety of technically-possible energy savings measures. In at least one *case, energy savings of over* 50 per cent had been achieved.

But the average saving was *only 10 per cent and half the* companies had achieved less than 50 per cent of potential *savings. Foreign-based companies* and firms in the pharmaceutical industry were shown *to have been among the most* active energy savers.

Three main barriers to energy *conservation were identified by* Armitage Norton:

- The knowledge barrier — *many of the companies* had made little use of the available information on energy savings.
- Energy management—there was clear evidence that companies with the most sophisticated energy management systems achieved the biggest savings. The report says companies should raise the status of energy management and conservation investment.
- Capital investment criteria—*in general*, industry's funds were found to be severely rationed. Conservation investment appraisal was usually crude, based on short pay-back periods and ignoring longer term benefits, such as low risk and savings linked to fuel-price inflation.

Although Armitage Norton found it would be difficult to justify giving large-scale Government grants for general *conservation investment, it was* thought there could be a case for some financial incentives to *draw attention to energy saving* opportunities. The availability of loan finance on the right terms was considered crucial.

It was recommended that the Energy Department commission a study into "pay-as-you-save" financing schemes, currently provided on a small scale by companies selling energy conservation goods and services.

There was also a case for providing financial incentives *for industrial building insulation*, especially roof insulation, which normally had long pay-back periods.

Mr Andrew Warren, director of the Association for the Conservation of Energy, said the Government should provide more financial encouragement through loans, "pump-priming" grants and tax concessions. There were clear signs the Government was losing interest in conservation, he said.

"As the EEC has demonstrated, most of the energy *savings in the UK have resulted* from the recession and a reduction in living standards rather than from structural changes in energy demand resulting from conservation," said Mr Warren.

In the period from 1973 to the end of last year, total UK energy demand, based on primary fuel input, *fell from the* equivalent of 353.5m tonnes of coal to 317.3m tonnes.

*Forecasts—as yet unpublished*—prepared in Whitehall and the main energy-producing industries indicate that it could be 1990, and possibly well beyond, before fuel consumption returns to the 1973 levels.

# Biggest aviation display

By Michael Donne, Aerospace Correspondent

THIS YEAR'S air show at Farnborough, Hants, will eclipse last year's Paris show as the biggest aviation display.

*More than 150 of the West's* latest aircraft will be at the Farnborough show, *organised by the Society of* British Aerospace Companies, from September 5-12. Of *these, more than 50 will be* either new types making their public debut or types not *before seen at Farnborough.*

Among the new types will be the British Aerospace 146 four-engined jet feeder-liner, now well into it flight-test programme; the European Airbus Industrie A-310 airliner, which made its maiden flight earlier this year: the Boeing 757 and 767 twin-engined jet airliners; the Lockheed TR-1 reconnaissance *aircraft*; and the U.S. Rockwell B-1 supersonic bomber which, although it first flew in 1974, has never been shown publicly even in the U.S.

The Society says many requests from exhibitors had to be turned down because of the constraints of space and time.

The public will be admitted on September 10-12.

# Playing second fiddle . . . to a music machine

**Elaine Williams discovers a note of concern in the orchestra pits**

AUDIENCES at the latest hit production of Pirates of Penzance probably will not notice there are only 15 musicians in the orchestra pit, where 35 played the last time the piece was staged in the West End.

Humans have been replaced by synthesisers: one musician at the keyboard of a computer-controlled machine can simulate several instruments.

The increasing use of synthesisers has been worrying professional musicians for some time.

Mr John Morton, general secretary of the 40,000-member Musicians' Unions, said: "People hear more music today than ever before but it is played by fewer and fewer musicians."

Those with most at stake are the 4,000-odd session musicians in the UK, who provide the backing for artists in the recording studio.

Mr Morton is realistic about the use of synthesisers in music: "We cannot legislate against technology on the grounds that it *might be the cause of unemployment.*"

The union, however, has managed to prevent machines taking over the roles of professional musicians where conventional sounds are produced.

Some recording companies have agreed to use humans where possible but there is *often difficulty in interpreting* the point where a machine can take over from several artists.

In the Pirates of Penzance *production*, the 'union' has managed to wring some concessions from the management to *compensate*, in part, for the lack of musicians in the main production. Six musicians now play in the foyer before curtain up and during the interval.

The cheapness and increasing complexity of *silicon chips* has caused dramatic strides in electronic synthesis, pioneered by Moog of the U.S., in the early 1960s and taken up by challengers like Casio in Japan, which entered the market less than two years ago. Many companies produce a wide range of machines in the U.S., Japan and Australia.

The first synthesisers on the market were expensive and primitive affairs—capable of playing only one note at a time. Today's machines are basically computers, connected to special electronic circuits which translate coded digital signals in the computer into the pitch, tone, duration, and the attack and delay which define each musical *note*.

Each of these parameters can be altered to make the machines simulate a conventional instrument such as a violin or produce completely new sounds.

Extremely sophisticated models are on the market at relatively low cost. Casio has a digital *synthesiser for the professional* market which costs less than £400. It can create more than 1,000 different sounds . . .

Another of Casio's electronic keyboards, aimed at amateurs, reads music. It can play back *simple tunes fed into its* memory, using a 'light' pen which reads music in the form *of a barcode such as that found* on grocery items.

It is possible to buy attachments to personal computers such as the Apple or Commodore PET to turn them into music machines.

One of the most sophisticated musical synthesisers comes from Australia and is manufactured by Fairlight Instruments, which has sold about 120 machines to leading music artists all over the world.

Mr Morton accepted that professional musicians always have had to adjust to new technology. The invention of the gramophone created jobs in the recording studio — but reduced the number of orchestras and bands.

The coming of sound to movies in the 1920s killed off cinema orchestras, but that was offset by recording film scores in the studio.

Will the day come when electronic synthesisers replace the live orchestra? Mr Morton thinks not. "There is still a special value and unique experience in each live performance."

The *major threat will come* when computers start composing and performing on their own. . . .

Glenn Copus

Instrument for a one-man band: The Roland Juno-6 synthesiser, costing £699

# Smelter negotiations with Coal Board face snags

BY MAURICE SAMUELSON AND IAN RODGER

ANNUAL COAL contract negotiations between Alcan Aluminium UK and the *National Coal Board for the* power plant for Alcan's Northumberland coast smelter at Lynemouth could be particularly difficult this year.

With world aluminium prices deeply depressed, Alcan is in no position to absorb a big increase in power costs. The UK subsidiary of the Canadian aluminium group lost £26m last year, and trading conditions have not improved this year.

The Coal Board is suffering heavy losses on the 13-year-old Alcan contract. The Northumberland and Durham *coalfield* is reported to have lost £48m last year. Alcan consumes about 9 *per cent of the coalfield's* 13.5m annual production.

The NCB hopes to get some of the subsidy money the Government was offering last month when looking, in vain, for someone to take over British Aluminium's closed smelter at Invergordon.

Mr Malcolm Edwards, director-general of marketing for the NCB, said there was "a very big gap" between it and Alcan in the present negotiations. The implication was that if the talks failed and Alcan closed the *smelter the responsibility would* lie with the Government.

Alcan said the contract was subject to annual review and the two sides had never yet failed to agree.

However, Mr Edwards said the 25-year contract provided for a major renegotiation after 13 years and the NCB had given Alcan notice that it could continue to supply coal to "Stage One" of the smelter only until the *end of* December, 1983.

The threat to Lynemouth comes only eight months after the Invergordon smelter was closed with loss of 890 jobs because of high power costs.

The other major aluminium smelter in the UK, operated by Anglesey Aluminium, is threatened with a crippling increase in power costs

It takes power from the Central Electricity Generating Board grid at national rates based on estimates 12 years ago of the cost of generating power at *the Dungeness B nuclear* station. Actual costs, when Dungeness begins generation in the near future, and which Anglesey is supposed to pay, will far exceed original estimates.

*If* both smelters closed the UK would be almost entirely dependent on imports

# Midland calls for reflation moves

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE Midland Bank today lends its weight to the growing pressure on the Government to consider measures to reflate the economy.

In the summer edition of its review, the bank says there are few signs of spontaneous recovery in the UK. It believes the prospect of further declines in interest rates is limited so long as the Government seeks to meet its monetary targets in the face of the current trend of bank lending.

"It is now becoming doubtful whether a significant recovery can be achieved without reflationary action in which the Government takes the lead," says the Midland.

However, it adds that reflation would be unlikely to bring about any lasting recovery unless there was also a concerted attempt by employers and workers to control wages and prices.

The bank says that in spite of the efforts of Treasury ministers to look on the brighter side, the economy has failed to show the growth which was hoped for last autumn when the recovery seemed to be getting under way.

It says: "The indicators so far available for the second quarter (of 1982) do not add up to any obvious impression of a lift."

One of the restraints on economic recovery had been substantial increase in imports relative to export performance, it says. Recently the largest increases in imports had been of finished manufactured goods, especially cars and capital equipment, while imports of basic materials and fuel had declined.

"The combination suggests that if some restocking had begun in the second quarter, it was not so much of materials needed to sustain increased domestic production as of foreign substitutes for home manufactures. This is not encouraging for a resumption of recovery."

Hopes that a recovery of world output would help to lift the UK economy out of its trough are generally discounted by the bank. Continued recession in the U.S., the flagging Japanese economy and the loss of momentum in France were negative factors. So were retrenchments in countries with large debts and interest burdens, plus weak demand from developing countries which had been hit by the fall in commodity prices.

The bank says although the UK's labour costs relative to those of its competitors had fallen somewhat, the UK's international competitiveness was still substantially less than in 1978-79.

On the prospects for interest rates, the Midland says that in the second quarter of this year, bank lending to the private sector increased by about £4bn.

An increase of credit at this rate for the year as a whole could not be accommodated within the Government's target for the growth of the money supply, the bank says. It estimates the present target of an 8 per cent to 10 per cent growth implies a maximum increase of some £10.5bn in sterling M3, the broad measure of money.

Even if bank lending were to slacken, which the Midland thinks probable, considerable sales of gilt-edged stock would probably be necessary to keep monetary growth on target with a consequent upward pressure on interest rates, it says.

The bank thinks there could be some moderate "reflation by stealth" in the next Budget, but it believes the need is for a specific increase in economic demand which would be met by domestic producers rather than importers.

In its survey of monetary conditions last year, the bank is scornful about the operation of Government policy.

It says: "During 1981 the monetarist prescription began to encounter not so much opposition as ennui," and it adds: "It began to seem desirable that in the interests of honest advertising the label on the package should be changed from 'monetarism' to 'deflation'."

*Midland Bank Review, Summer 1982. Box 2, Griffin House, Silver Street Head, Sheffield S13GG.*

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## Banks voice Argentine worries

BY OUR BANKING CORRESPONDENT

BANKS have written to the Government expressing concern about the impact on their business of the continuing freeze on Argentine assets. The Government has confirmed receipt of the letter but has not yet replied.

Blocking of the UK assets of Argentines was ordered by the Government early in April, and resulted in Argentina taking similar measures against British banks, which no longer receive all the interest on their Argentine loans. British banks are owed considerably more than they owe to the Argentines since the latter moved much of their money out of London before hostilities broke out.

Though the Falklands fighting ended nearly two months ago, financial sanctions have not been removed. The banks are becoming increasingly concerned about the delay.

Aside from their own particular interests, continuation of sanctions contributes to fears that Argentina may default on international borrowings, which would exacerbate the serious problems now facing international banks.

The Government's delay in removing financial sanctions from Argentina's failure to confirm a permanent cessation of hostilities.

Mr Francis Pym, the Foreign Secretary, told Parliament last month that the economic measures were "under active review."

But lifting of sanctions "must depend on the Argentines terminating the measures they have taken against us."

## CBI denies Labour ties

BY MICHAEL CASSELL

THE Confederation of British Industry attempted at the weekend to allay fears that it is siding with the Labour Party over economic policy.

Sir Terence Beckett, director general of the CBI, has written to all members to counter what he described as "mischievous publicity" surrounding his meeting last week with Mr Peter Shore, the "shadow" Chancellor.

Sir Terence said that at the meeting, requested by Mr Shore, the CBI took the opportunity to distance itself from the Labour Party's policy of "injecting large doses of demand into the economy, which would result in high inflation and a wage explosion."

Mr Shore was told it would reduce competitiveness and increase unemployment.

"Labour's overall policies of planning agreements, more nationalisation, withdrawal from the Common Market, and injecting large measures of demand—combined with import and price controls—would be fatal to our industrial effectiveness," the CBI letter said.

## Waste-gas fuel recycle plan

BY DAVID FISHLOCK, SCIENCE EDITOR

DUNLOP is interested in coupling its new process for making fuel gas from industrial wastes with a process for separating edible protein from whey, developed by a small Welsh company, Bio-Isolates.

Dunlop Bio-Processes, marketing arm for Dunlop's developing interest in biotechnology, believes there are commercial possibilities in joining the new technology of Bio-Isolates with its Anodek process.

The Anodek process, licensed from Belgium, produces a fuel gas rich in methane from the wastes of the food and drink industries.

Dr Gareth Morris, who heads Dunlop Bio-Processes in the technology division of the group in Birmingham, said there had been discussions about using the Anodek process to treat the strong effluent from the Bio-Isolates process.

The Bio-Isolates process uses ion-exchange to separate high-quality protein from whey.

If the processes were used together, the fuel gas produced could be recycled for use by the process plant, Dr Morris said.

# Closure of car franchise outlets quickens

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CLOSURES of franchised car retailing outlets in Britain quickened last year. General Motors of the U.S. and the Peugeot group of France lost the most.

Total outlets fell nearly 2.5 per cent, from 8,965 to 8,747 in January this year. Since then the loss rate has almost certainly increased.

The drop in GM outlets was nearly 15.8 per cent, from 826 to 695.

The cause was its determination to push through a merger of the Vauxhall and Opel networks last year.

There were 597 Vauxhall and 224 Opel dealers. The target was a combined network of 800 selling both marques.

The latest edition of Franchise Networks from the Ronald Sewell consultancy organisation gives the details. It says: "Geographic overlap or dissatisfaction probably accounted for less than 30 dealers leaving GM. The supplier, on the other hand, did use the situation to weed out unsatisfactory dealers and about 20 went on that score."

The Peugeot group was putting through a more gradual programme to create a chain of dealers to handle both the Talbot and Peugeot ranges. This, combined with the sharp drop in market share, led to a fall of more than 17 per cent in Peugeot-Talbot outlets from 783 to 647.

Peugeot's ultimate aim seems to be 500 dual-franchised dealerships. At the end of last year 224 had been dualed against the 150 target.

Sewell says these two integration processes have transformed car distribution. "Where previously all networks could be grouped by nationality, of supplier, now there are two groups—multinationals and the rest."

There are 175 car dealers for each 2 per cent of the new car market at present. The latest statistics seem to support the frequently-cited theory that only 100 dealers are needed to support 2 per cent of the market.

Other companies with sharp drops in dealerships last year included Alfa Romeo of Italy, down nearly 15 per cent from 128 to 109 and Skoda of Czechoslovakia, down 16 per cent from 274 to 230.

In sales per outlet Ford continues to dominate, with an average of 396 units per outlet, down from 401 the previous year.

BL's network fell from 1,746 to 1,725 but sales per outlet rose from 176 to 179.

*Franchise Networks 1982. Sewell, 1 Queen Square, Bath BA1 2HE. £6.*

# QE2 passengers create party mood

By Arthur Sandles on board the QE2

WITH THE bands playing, the wine flowing and the roulette wheels spinning the QE2 is back in business, now well out into the Atlantic on its Southampton to New York run.

The Cunard flagship, glistening after her £5m post-Falklands refurbishment, is packed. The 1,500 passengers have spent between $830 (£498) and $3,400 each on the trip and they seem determined to maintain a party mood right across the ocean.

Traces of the Falklands experience, during which thousands of troops were aboard, remain. Workmen are still completing the tidying up, yet to be replaced carpeting reveals the occasional mark of army boots; here and there a cigarette burn offers evidence of a British Tommy and his latter-day equivalent of Woodbines.

But you have to search for such things. Mostly it is new colours, new facilities and a new zeal.

Cunard is obviously trying to squeeze every ounce of publicity out of the return to commercial waters of the QE2. At Southampton a military band and leggy drum majorettes kept passengers, their friends and television cameramen entertained while final preparations were made for departure.

In both Southampton and Cherbourg the world's Press were invited aboard. In New York another spectacular is planned, with the arrival nicely timed to catch the attention of the popular television breakfast shows.

For all the excitement, there is a touch of realism in the air.

Lord Matthews, chairman of Cunard Line, offers little cheer to those who think parent company Trafalgar House might be tempted into further passenger shipping investment.

Although he says he expects a future for a limited number of ships like the QE2 he does not predict a major revival in passenger shipping.

The QE2, which would cost £200m to replace, may be the last of the big liners, he says.

Cunard has recently been calculating the cost of keeping the QE2 on the British register.

According to Lord Matthews, registration elsewhere would save the company £10m a year, or 15 per cent of its annual running costs.

"We have got to offer something special to cover the extra costs," he says. "And we do."

There seems little doubt that there are still enough people who agree with him to keep the QE2 in business on the Atlantic.

Passengers receive excellent food, bridge lectures, golf tips, trap shooting, bingo, keep fit sessions, cabaret, dancing, a cinema, shops and seven bars

The party goes on for five days. It all sounds pretty tiring—but whoever heard of ship-lag?

## Record 9% of world shipping tonnage idle

THE AMOUNT of idle world shipping tonnage has reached a record, and freight rates have slumped to levels not seen since early 1978, figures from the General Council of British Shipping show.

At the end of June 1982, 59.3m deadweight tons—861 ships, 9 per cent of the world fleet—were laid up compared with 55.3m the month before and 17.3m a year ago.

Most consisted of tankers—350 totalling 52.8m dwt, or 15 per cent of the international tanker fleet.

# Council workers set to fight refuse service 'threat'

BY BRIAN GROOM, LABOUR STAFF

TRADE UNIONS are preparing to intensify industrial action to prevent council services in Birmingham and Liverpool going to the private sector.

They fear that jobs and levels of pay and conditions will be threatened if the trend towards "privatisation" gains momentum.

A long and violent dispute at Wandsworth, London, ended last month when the borough council won agreement from shop stewards to contract out refuse collection.

Liverpool and Birmingham are set to become the next battlegrounds over privatisation.

On Thursday there will be calls for a strike in Birmingham when 450 dustmen meet to consider a threat by the leader of the city council to sack white-collar staff who are taking industrial action.

The National and Local Government Officers' Association is blacking work on the Conservative-controlled council's plans to invite tenders from private companies next month for domestic refuse collections.

Mr Neville Bosworth, council leader, has warned staff they will be dismissed if they take industrial action after next Monday. Unions have threatened a strike by all 40,000 employees if the sackings go ahead.

"We cannot carry out our policies, unless we have our employees doing their job," Mr Bosworth said. He has summoned local union leaders to a crisis meeting on Wednesday and has asked Mr Geoffrey Drain, Nalgo general secretary, to attend.

Mr Bosworth emphasised that privatisation in an effort to cut costs was not certain. The city's environmental health department would be able to tender.

Birmingham's £10m-a-year refuse collection bill is accounted for mostly by household dustbins.

Mr Bosworth has assured staff they will not lose their jobs if their union cards are withdrawn for defying instructions to take industrial action.

This would abrogate the closed shop agreement signed by the previous Labour administration. The Conservatives, who have controlled Birmingham by a slender majority since May, have given notice that they intend to end the agreement anyway.

Unions have formed a joint committee to fight privatisation. Mr Brian Osborne, area officer of the National Union of Public Employees, said: "Birmingham is the big prize for privatisation. We shall stop them. There is no way they will get it through here."

Nalgo members at Liverpool City Council have also been instructed to black privatisation work. The city has already seen a one-day strike by 20,000 employees at the Council's offices threatened, after a decision was deferred last month.

The council is asking for tenders for cleaning St John's retail market in the city centre.

"Tenders may be invited for street cleansing if savings cannot be agreed with manual unions. Privatisation of parts of housing management are possible, although less likely.

The council says its street cleansing is too expensive—three times as costly, for instance, as that of Labour-controlled Sheffield.

But Mr Peter Cresswell, Nalgo branch secretary at Liverpool, said: "We don't want to take them on but we are confident that if we have to, we will win."

## Oil refinery workers plan fight on low pay offers

BY BRIAN GROOM, LABOUR STAFF

A "SUMMIT" meeting of shop stewards representing manual workers in all Britain's oil refineries is to draw up plans to resist low pay offers in the coming wage round.

The meeting will take place at Grangemouth, Scotland, within the next three weeks. Branch officials of the Transport and General Workers' Union there have provided the impetus for it.

Stewards were dissatisfied with the general level of 8 per cent rises in the recent pay round. They believe employers were strengthened by being able to enforce a norm established early in the round, whereas TGWU branches were weak because they tried to resist it in isolation.

Pay negotiations in refineries are conducted locally, except at Shell, where national talks cover the company's four refineries and the chemicals complex at Carrington, near Manchester.

The Shell talks, which have an October 1 settlement date, set the pace at the start of the round. Last year the company's 3,400 manual workers accepted 8 per cent against the advice of union officials.

Stewards are not disclosing their ideas for establishing a "common front" against employers but support for Shell workers to prevent them from accepting a low offer is one option.

The main difficulty faced by the TGWU is the spread of settlement dates over a period of months.

The union fears oil companies will try to push the level of settlements lower in the next round, as inflation falls. Employers have been given bargaining strength by low demand for refinery products and the threat of closures and redundancies.

This has also prompted a major round of productivity deals to improve working practices and cut manning levels in refineries.

Mobil has reached a deal with maintenance workers at Coryton, Essex, allowing for greater inter-craft flexibility, following agreement with process workers on manning changes.

Esso has signed two productivity deals at Fawley, Hants, and BP has been trying to win the agreement of process workers to demanning and efficiency measures at Grangemouth. The Advisory, Conciliation and Arbitration Service is to help resolve disagreement over this.

## Right to strike 'in danger'

A BARELY NOTICED amendment to the 1982 Employment Bill may seriously threaten the right to strike, according to a confidential paper being drawn up by TUC officials.

The paper, which will eventually go before the Employment Policy and Organisation Committee of the TUC, claims that scrapping of Section 13(2) of the Trade Union and Labour Relations Act 1974 will undermine a large part of the immunity strikers now enjoy from civil action against them in the courts.

Section 13 (2), removed during the report stage in the Lords, states: "An act done by a person in contemplation or furtherance of a trade dispute is not actionable in tort on the ground only that it is an interference with the trade, business or employment of another person."

TUC officials say that the scrapping of that section will return the law to the confusion that existed before the 1906 Trades Disputes Act.

The paper says that any tort arising "only from interference" with trade will now force the Lords to reinterpret two contradictory judgements made over 80 years ago. The Allen v Flood case of 1897 was favourable to workers' rights to "interfere with trade," and the Quinn v Leathem case of 1901 was unfavourable, it says.

"At best we will be in a situation of great uncertainty following the removal of the amendment, and at worst it will directly challenge the right to strike."

The Department of Employment rejected this judgement last night as "a complete misinterpretation." It said that Section 13 (2) was "a dusty corner of the law that someone had forgotten to spring-clean."

The Department said that the crucial words "only" and "interference" meant that Section 13 (2) had only a marginal legal effect on most strikes and that it had never been used.

"A strike normally does a great deal more than interfere with trade, which is why the Section 13 (2) is such a shady and unimportant part of the law."

The basic right to strike against one's own employer would still carry immunity from civil action after the 1982 Employment Bill became law.

## Pay bargaining attacked

BY OUR LABOUR STAFF

FREE COLLECTIVE bargaining was denounced yesterday as "the philosophy of the pig trough" by Mr Sid Weighell, right-wing general secretary of the National Union of Railwaymen.

Speaking to railwaymen in Sheffield, he outlined a plan to win political power for the Labour Party. At its heart was an economic proposal which included the "planned growth of incomes."

Mr Weighell also proposed massive support for the party leadership's action against the Trotskyist Militant Tendency, and reconstitution of the party's national executive.

The NUR has submitted to the forthcoming party conference a resolution calling for this. One of its effects would be to limit opportunities for left-wing MPs to get elected to the executive, but it stands little chance of being passed.

Incomes policy will be hotly debated at the TUC Congress in Brighton next month. The engineering union's construction section is calling for reaffirmation of support for free collective bargaining.

The issue may also arise over the "national economic assessment" contained in the TUC-Labour Party liaison committee's document on planning. It would cover incomes, and some suspect it to be a covert curb on wages.

Mr Weighell, a passionate supporter of incomes policy, said yesterday that "the present situation is absolutely made for the Labour Party. There are 3.8m unemployed, more than 1m have been without a job for more than a year. The CBI is in a state of near-panic about empty order books."

## Trailerent plans five-year expansion

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

TRAILERENT, the trailer rental company recently acquired by Mercantile Credit, a subsidiary of Barclays Bank, plans a £20m, five-year expansion programme.

Set up in 1978, Trailerent claims to be the third largest of its kind in the UK.

It has joined Mercantile's automotive and engineering division which includes Dial Contracts, believed to be Britain's biggest car contract-hire company, Camden Motors, also a car contract-hire concern, and Railease, which hires railway wagons to the private sector for use on the British Rail network.

Trailerent said it would step up spending on new trailers from £750,000 this year to £1.25m in 1983.

"Depending on the economy and on future gross weight legislation, investment will accelerate from there," said Mr Mike Dibb, managing director.

The expansion programme calls for the doubling of Trailerent branches in the UK within the five years to 16 or 18.

The size of the trailer fleet, now about 1,500, will be increased substantially.

Trailerent also wants to establish a base on the Continent.



UK CONTRACTS

# Stone supplies Iraq Railways

STONE INTERNATIONAL has won a £3.5m contract from ANF Industrie in France for more than 450 sets of dispersed rail air conditioning equipment for passenger coaches which are being supplied by ANF to Iraq State Railways.

*

BRUSH ELECTRICAL MACHINES, a Hawker Siddeley company, has received an order worth around £3m for three 109.5MW ac generators for turbine drive for the Sultanate of Oman. The order was placed by John Brown Engineering, Clydebank, who are main contractors for Rusail general utility generating station, Oman. Deliveries are to commence at the end of the year. The generators are of the air-cooled type and will be single end driven by gas turbines.

*

BOOKER AGRICULTURE INTERNATIONAL has been awarded a £1.2m contract to provide technical assistance for the Uganda coffee rehabilitation programme. Its objective is to increase coffee output by providing the requirements for production and processing, together with necessary support for governmental and co-operative services. BAI's assignment will encompass some 200,000 ha of robusta and arabica coffee and will focus on input supplies to smallholder growers; provision of spares for processing factories; transport; packaging materials; and extension and training.

*

UNDER A contract worth almost £1m, the Cheadle Heath division of FERRANTI COMPUTER SYSTEMS is to supply Reflectone Inc of the US with a computer-based acoustics simulator. The simulator, which will be incorporated into a weapon system trainer to be installed at a U.S. naval base in California, is expected to be fully operational in 1984. Responding to commands from the trainer's host computer, which result from instructor-introduced surface ship and underwater "targets," the simulator will generate acoustic signals equivalent to those which would be received on-board a typical patrolling ASW (anti-submarine warfare) helicopter from a range of sophisticated sonabuoys.

*

THE air pollution control division of TILGHMAN WHEELABRATOR received a £500,000 order from Hartung Kuhn and Co, Dusseldorf, to design, supply, erect and commission a gas cleaning plant to operate in conjunction with a coke oven fume extraction plant which Hartung Kuhn are supplying to Hoogovens company in the Netherlands.

*

THREE ORDERS totalling nearly £300,000 have been placed with SIGMUND PULSOMETER PUMPS for pumpsets to be installed at the Barrow offshore terminal being built to service the new Morecambe Bay gas field. The largest order covers the supply of two SPP multi-stage vertical turbine pumps for fire protection duties, one driven by a diesel engine fitted with an air-start package and the other by an electric motor. SPP is a Booker McConnell company. The orders have been placed by McDermott Engineering on behalf of British Gas.

*

CARSON OFFICE FURNITURE has been awarded the £385,000 contract for office furniture for the new offices of the Rotherham Metropolitan Borough Council. The contract is for Carson Link 900 freestanding and screen-mounted systems furniture with screens and storage. An unusual feature will be special wiring carrying power from the ceilings to the screens, which are ducted for power and telecommunication wiring.

*

Horwich timber-frame builder S. WERNICK AND SONS in conjunction with the Alfred Harvey Design Group of Knowle, West Midlands, are building an extension to the Farringdon Social Club, Yardley, at a cost of £200,000.

*

ACTAIR INTERNATIONAL, Cardiff, has won two export orders together worth £330,000. The orders are for Dynaclone air filters, which have been chosen by Patterson-Zochonis, Manchester, and Comas SpA, Italy, for use in Africa. The filters have a total rated capacity of 136,000 cu metres/hr (80,000 cfm) and 60,000 cu metres/hr (35,000 cfm) respectively and will be used as part of manufacturing processes to prevent air pollution.

*

BOSTWICK DOORS (UK) the Stockport based manufacturer of all types of industrial doors, has won what is probably the largest single order for industrial doors ever placed in the world. The £1.3m contract involves over 1,100 doors for the Kuwait Warehouse Project, a futuristic warehousing scheme located on two prime sites covering over 900,000 sq m in area. The contract, won in the face of fierce international competition, has been awarded in late July by the large Kuwait main contractors Ahmadiah Contracting and Trading Company.

*

Three contracts totalling just over £1m are announced by PROJECT PILOTS, of London SE19. Of similar size and where appropriate using system-building techniques, they include enlarged and renovated premises for the Zoroastrian House in London NW6 (£187,000); new chalet-style accomodation for the young mentally handicapped at Queen Mary's Hospital for Children, Carshalton (£213,000); and a new Geography/Geology block for The University of Reading (£360,000).

*

WARDPOWER, generating set division of Thos. W. Ward (Industrial Supplies), has won a £102,000 order for three 510kVA (408kW) generating sets to Saudi Arabia. The sets, powered by Dorman 12QT turbo-charged diesel engines, will supply the total power requirements of construction camps in Saudi Arabia. It will be possible to run all three machines in parallel, giving a total power output of more than 1,500kVA (1,200kW) at any one time.

*

TRANSMARK, British Rail's wholly-owned consultancy subsidiary, has won two overseas contracts. In Pakistan, a contract has been signed with the Government's Ministry of Railways to conduct a feasibility study for the high voltage electrification of the main line between Khanewal and Karachi (950 kms). This continues the first stage of 25 kV a.c. electrification from Lahore to Khanewal (280 kms) for which Transmark was project engineer between 1969 and 1971. Work will begin during September with an expected completion date in March 1983.

Transmark has also been awarded a contract by Gabon Railways (OCTRA) in connection with Phase Two of the Trans-Gabonese railway project, to study special steels for the railway.

*

FLUOR (GREAT BRITAIN) Manchester division has been awarded a contract from Abu Dhabi National Oil Company for a sulphur handling terminal to be constructed at Ruwais, United Arab Emirates. The company will perform design, engineering and managing contractor services for the project, whose value to Fluor was not disclosed. The plant will have an installed cost of about $50m (£29m) and will be capable of receiving up to 1,000 tons of sulphur a day. The sulphur will be hauled to Ruwais by truck, where storage capacity for up to 40,000 tons will be constructed. Berthing facilities to handle ships of up to 35,000 deadweight tons are also part of the project plan. The terminal is due to be commissioned in 1984.

*

Stamford-based KETTON PORTLAND CEMENT CO. has won an export order for 7,500 tonnes of cement destined for Pakistan's Tarbella Dam project.

*

New Zealand Railways has chosen GEC ELECTRICAL PROJECTS, of Rugby, to design, supply and commission the main generation and propulsion equipment for a new passenger/train/road vehicle ferry at present under construction at the Aalborg Vaerft A/S yard in Denmark. The craft is specifically designed to cater for the ferry route across the Cook Strait between Wellington and Picton, linking the passenger and freight rail networks of the North and South Islands. Delivery is due in the last quarter of 1983.

*

A contract worth £226,000 has been placed with BIGGS WALL & CO by the Taff division of the Welsh Water Authority for the supply of some 250 specially fabricated mild steel pipe fittings. The majority are to be supplied complete with flanges and most will be cement mortar lined and bitumen wrapped for external protection. Ranging in diameters from 450 mm to 800 mm, the fittings are required for a four-mile mains diversion scheme which the Authority is undertaking in connection with a dual carriageway construction project completing the link between Cardiff and Merthyr Tydfil.

*

Derby-based FORD & WESTON has won a contract worth £1.8m for building a central library in Beetwell Street, Chesterfield, for Derbyshire County Council. Work, due to start next month, will take two years to complete. The six-floor building will provide 3,960 square metres.

# TELEVISION

## Tonight's Choice

Early morning readers should take note that Terry Wogan is back from his hols at 7.30 am on Radio 2 today. You have been warned. . . .

Later, BBC-2 concentrates on the world of big business. At 6.20, Trevor Philpott's **Inside A Multinational** gives a fascinating insight into the corridors of power of British Petroleum, Britain's biggest company. This is the first of nine films looking at all aspects of BP, first shown two years ago, but well worth a repeat.

From oil to shipping at 9.30 on the same channel with **Third Eye: The Wide World of Y.K. Pao**. Sir Yue-Kong Pao—known to his friends as simply Y.K.—is the biggest independent shipowner in the world who also happens to own large chunks of Hong Kong. Yet in 1949, Y.K. was a penniless refugee from newly-communist China. Tonight he tells the story of his rise from rags to riches, a rise which mirrors the entrepreneurial spirit that has blossomed in South-East Asia.

But if you don't want to be a billionaire, then BBC-1 at 9.25, in **The Man Who Haunted Himself**, has the escapist film of the disintegration of a "staid, conservative businessman" played by Roger Moore in his pre-Bond days.

DAVID CHURCHILL

### BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.10 The Drak Pack. 9.30 Jackanory. 9.45 Take Hart. 10.05-10.30 Why Don't You . . . ? 10.55 Cricket: Second Test, England v Pakistan commentary. 1.05 pm News After Noon. 1.35-1.50 Postman Pat. 3.40 Home on Sunday. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Heyyy, It's the King. 4.55 John Craven's Newsround. 5.05 Ticket to Ride 5. 5.35 The Perishers.

5.40 News.
6.00 Regional News Magazines.
6.25 Best of the West (the Wild West as it really wasn't).
6.50 Comic Roots (3) Irene Handl's London.
7.20 Doctor Who and the Monsters.
8.10 Panorama reports on an international network supplying Libya with arms.
9.00 News.
9.25 The Monday Film: "The Man Who Haunted Himself," starring Roger Moore and Hildegard Neil.
10.55 BA in Music with B. A. Robertson.
11.33 News Headlines.
11.35 Late Night in Concert.

### BBC 2

6.40-7.55 am Open University.
10.30-10.55 Play School.
1.35 pm Cricket: Second Test, England v Pakistan.
6.20 The Philpott File.
6.55 Six Fifty-five Special.
7.30 News Summary.
7.35 Welcome to Wodehouse.
7.50 Best of Brass.
8.25 The Paul Daniels Magic Show.
9.00 Pete Sayers Electric Music Show.
9.30 Third Eye.
10.25 Cricket: Second Test (highlights).

### LONDON

10.50-11.40 Newsnight.
9.30 am Sport Billy. 9.50 The Water Crisis. 10.45 Crazy World of Sport. 11.10 Little House on the Prairie. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Under Fives. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Children of the Lotus. †2.00 Monday Matinee: "Carve Her Name With Pride," starring Virginia McKenna and Paul Scofield. 4.15 Bugs Bunny. 4.20 Ragdolly Anna. 4.30 Rowan's Report. 4.45 Watch All Night. 5.15 Diff'rent Strokes.
5.45 News.
6.00 Thames News with Rita Carter and David Bellin.
6.25 Help!: With Viv Taylor Gee.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 A. J. Wentworth, BA.
8.30 World in Action.
9.00 Quincy, starring Jack Klugman.
10.00 News.
10.30 "Charley Varrick," starring Walter Matthau and Joe Don Baker.
12.30 am Close: Sit Up and Listen with The Reverend Peter Lewis.

† Indicates programme in black and white

**All IBA Regions as London except at the following times:**

### ANGLIA

9.35 am European Folk Tales. 9.45 The Adventures of Niko. 10.15 The Galway Way. 11.10 North Sea Saga. 11.50 Captain Nemo. 1.20 pm Anglia News. 1.30 Monday Film Matinee: "Life Goes To The Movies." 6.00 About Anglia. 6.30 Benson. 9.00 Minder. 10.30 Indoor Bowls. 11.15 Thriller. 12.40 am Thoughts from Dunwich.

### CENTRAL

9.45 am The Galway Way. 10.45 Bailey's Bird. 11.00 Venture. 11.35 Stingray. 1.20 pm Central News. 1.30 The Monday Screen Matinee: "The Inn Of The Sixth Happiness," starring Ingrid Bergman. 5.15 Survival. 6.00 Central News. 9.00 Minder. 10.30 Contrasts. 11.00 Central News. 11.05 Lou Grant. 12.05 am Come Close.

### GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Children's Morning Matinee: "Rhodes Of Africa," starring Walter Huston and Basil Sydney. 1.20 pm North News. 1.30 Monday Matinee: "The Sundowners," starring Deborah Kerr, Robert Mitchum and Peter Ustinov. 4.00 Cartoon. 5.15 The Electric Theatre Show. 6.00 Summer at Six. 6.30 Pro Celebrity Angling. 9.00 Minder. 10.30 Early Days. 12.00 North Headlines.

### GRANADA

9.30 am Wonders of the Underwater World. 9.50 Sport Billy. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Exchange Flags. Promenades. 2.00 About Britain. †2.30 Monday Matinee: Margaret Lockwood and Michael Redgrave in "The Lady Vanishes." 5.15 The Two Of Us. 6.00 Private Benjamin. 6.30 Granada Reports News. 6.35 The Summer Show. 9.00 Strangers. 10.30 Thriller. 11.50 Superstar Profile.

### HTV

9.55 am Beachcombers. 10.20 Kum Kum. 10.40 Clapperboard. 11.05 Vicky the Viking. 11.30 The Greatest Thinkers. 1.20 pm HTV News. 1.30 Monday Matinee: "The Shoes Of The Fisherman." 5.15 Mr Merlin. 6.00 HTV News. 9.00 Minder. 10.28 HTV News. 10.30 Soap. 11.00 Police Story.
HTV Cymru/Wales—As HTV West except: 11.05-11.30 am Bailey's Bird. 12.00-12.10 pm Dacw Mam Yn Dwad. 4.20 On Safari. 4.45-5.15 Gwaith. 6.00 Y Dydd. 6.30-7.00 Report Wales. 11.00 Newsweek. 12.00-12.30 am The Amazing Years of Cinema.

### SCOTTISH

10.00 am Target the Impossible. 10.25 Portrait of a Village. 10.50 The Amazing Years of Cinema. 11.15 Adventures of Parsley. 11.20 Brass in Concert. 1.20 pm Scottish News. 1.30 All the Way There. 2.00 Action and Adventure: "The Battle Of Austerlitz." 6.00 Scotland Today. 6.40 Crime Desk. 9.00 Minder. 10.30 Late Call. 10.35 Police Story.

### TSW

9.35 am Sesame Street. 10.35 Story Hour. 11.25 Untamed World. 11.50 European Folk Tales. 1.20 pm TSW News Headlines. 1.30 Feature Film: "The Shoes of the Fisherman," starring Anthony Quinn. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Here's Boomer. 6.00 Today South West. 6.30 Happy Days. 9.00 Lou Grant. 10.32 TSW Late News. 10.35 Postscript. 10.40 Thriller: "Murder In Mind." 12.00 Postscript.

### TVS

9.30 am 3-2-1 Contact. 10.00 Friends of My Friends. 10.25 Tarzan. 11.15 The Real World. 11.45 Larry The Lamb. 1.20 pm TVS News. 1.30 Entertainers. 2.00 Monday Matinee: "Young Winston," starring Simon Ward. 5.15 The Adventures of Black Beauty. 6.00 Coast To Coast. 6.30 Staying Alive with Eddie McGee. 9.00 Minder. 10.30 Hill Street Blues. 11.30 The Jazz Series: The Ronnie Scott Quartet is joined by Buddy de Franco (clarinet) and Terry Gibbs (vibraphone). 12.00 Company.

### TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Hands. 9.55 Calling Greats (Peter Thomson). 10.20 Cartoon Time. 10.30 Bygones. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 1.30 Miracles. 2.30 Monday Matinee: "Very Important Person," starring James Robertson Justice and Leslie Phillips. 5.15 The New Fred and Barney Show. 6.00 North East News. 6.02 Gambit. 6.30 Northern Life. 9.00 Minder. 10.30 North East News. 10.32 Thriller: "Death Policy." 12.00 Links with Jesus.

### YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 World We Live In. 11.20 Rocket Robin Hood. 11.50 The Locomotion. 11.55 The Bubbles. 1.20 pm Calendar News. 1.30 Monday Matinee: "The Shoes of the Fisherman," starring Anthony Quinn, Laurence Olivier and Leo McKern. 5.15 The Two Of Us. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 9.00 Minder. 10.30 Brass in Concert. 11.15 Journey to the Unknown.

# RADIO

(S) Stereo (when broadcast on VHF)

### RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Margate. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 4.30 Richard Skinner. 7.00 Stayin' Alive. 8.00 David Jensen. 10.00-12.00 John Peel (S).

### RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Folk On 2 (S). 9.00 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Luigi Cherubini (S). 10.00 Czech Orchestral Music (S). 10.55 The Part-Song Repertory (S). 11.25 John Field Piano Concertos (S). 1.00 pm News. 1.05 Busch Quartet. 2.00 Matinee Musicale (S). 3.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Music for Organ (S). 7.00 Backwards Through The Funhouse (S). 7.30 Proms from the Royal Albert Hall, part 1: Birtwistle, Mendelssohn (S). 8.35 Modern Music and Society (S). 8.55 Proms, part 2: Brahms (S). 9.35 Bartling: The Baroque. 10.20 Greg. 10.45 Jazz in Britain featuring Company (S). 11.15-11.18 News.
Medium Wave as VHF above except: 10.55 am-8.30 pm Cricket: Second Test—England v Pakistan.

### RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today. 8.35 This Week On 4. 8.43 The Road To Camlann by Rosemary Sutcliff. 8.57 Weather; travel. 9.00 News. 9.05 Start The Week with John Craven (S). 10.00 News. 10.02 A Small Country Living. 10.30 Daily Service. 10.45 On Holiday. 11.00 News. 11.03 Down Your Way visits Cars, France. 11.48 Ad Hoc Cookery. 12.00 News. 12.02 pm You and Yours. 12.27 Radio Active (S). 12.55 Weather; travel; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.30 What Shall We Tell The Children? 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 Start The Week with John Craven (S). 8.00 The Monday Play (S). 9.30 Kaleidoscope: Australian Cinema. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

# BUSINESS LAW

## Weak spots in German investment law

BY A. H. HERMANN, Legal Correspondent

THOSE WHO, through negligence or malice, fail to give a fair and true view of a company's health and prospects to those buying its shares may have to pay for it: but sometimes they can also get away with it, as evident from two judgments* handed down in Karlsruhe last month.

The Federal Supreme Court expressed doubts about the effectiveness of the law as it now stands and suggested that an improvement of investor protection might be desirable.

The case concerned BuM, an ailing building construction enterprise which the Westdeutsche Landesbank, together with other banks, tried to rescue with a DM 100m long-term credit guaranteed to 70 per cent by the Government. The bank was also a shareholder in the failing company. A member of its management board was deputy chairman of the company's supervisory board. As the auditors were unwilling to pass the accounts without an assurance that the company's own capital would be increased, the Government's guarantee stipulated as a condition an increase in capital by the issue of new shares. The new issue was approved at a general meeting on September 4 1978, and the company's own capital was restructured with retroactive effect to December 31 1977. A bridging loan obtained earlier from other banks made the accounts for 1977 look quite good.

One unhappy shareholder who bought new shares in the company which later became insolvent, sued the bank claiming that he was misled by the prospectus published by the bank together with five other banks which formed a consortium under the Landesbank's leadership.

The court of the first instance rejected the shareholder's claim, and this was confirmed by the appeal court which held that the bank was guilty neither of gross negligence nor of maliciously suppressing essential facts, and that the prospectus contained neither incorrect data nor omitted to disclose facts required by law. The Federal Supreme Court would not have it. It held that it was not enough if all the details of the prospectus were correct.

**German banks are liable if a prospectus, while true in detail, conveys an over-optimistic message—but only to investors who bought new shares after its publication**

The overall picture created by the prospectus must also be true. Although a careful reading by an investor with average experience could have revealed that only exceptional adjustments of accounts at the end of 1977 enabled the enterprise to survive, the prospectus itself did not make it sufficiently clear that the offered shares were a risky and speculative investment. On the contrary, the prospectus created the impression that the difficulties were only temporary and that a gradual improvement in the long term could be expected.

The bank argued that it could not be expected to condemn the issue as unworthy as it was its duty to secure its placing on the market. Moreover, it said, that the language used disclosed the true picture in financial circles. Thus, for example, when it stated that the results of the company would improve in 1978 compared with 1977, this should have been correctly read as expectation not of profits but of smaller losses.

The Federal Supreme Court rejected these arguments. The deciding factor was not grammatical analysis of the text but the impression which it made on an investor who was not necessarily familiar with the idioms of the banking world.

The accounts were balanced with the help of a number of, at least questionable, window-dressing devices. The company had recorded losses since 1974 and its difficulties were structural. Although it was not the bank's business to correct the accounts, it was its duty to interpret them correctly for the benefit of potential investors. The case was remitted to the appeal court, which will have to take into account that the shareholder is entitled to compensation only if it can be established that he bought the shares after the publication of the prospectus.

The second judgment, handed down simultaneously, concerned a similar claim against the Landesbank by a group of shareholders who bought the BuM shares before the publication of the prospectus. They claimed that a press announcement on October 10, 1978 was sufficient encouragement to "invest" to establish the bank's liability.

The Federal Supreme Court said that a legal requirement that such an offer published in the press should contain enough information about the state of the company deserved to be considered by legislators. The law, however, now requires the issue of a prospectus only in connection with the admittance of the shares to the Stock Exchange and not in connection with the offer of a new issue, the court said. The existing protection of the investor may also appear unsatisfactory because the expectations created by a prospectus cannot form the basis of claims by those who bought old shares. It was difficult to prove whether the plaintiffs bought old or new shares, but their claims had to be rejected in any case.

The shareholders were also not helped by the allegation that the second defendant, who represented the bank on the supervisory board of BuM, "promoted and allowed" untrue statements concerning the company's liquidity made by the board at a general meeting in 1978. The plaintiffs decided to buy the shares only several months later and the court did not see any causal connection between the statement on the company's liquidity and the investment decision. There was also no connection between the investment decision and the allegedly fraudulent action taken by the bank in relation to the government credit guarantee.

The appeal court was wrong, said the Federal Supreme Court, when it held that the damage did not arise at the time the shares were bought but only later when their Stock Exchange notation fell. It was not the Stock Exchange rating but the real value of the enterprise which was decisive. This was of no help to shareholders who bought before they had received the prospectus.

*BGH, Case II ZR 175/81, July 13, 1982; BGH, Case II ZR 172/81, July 12, 1982.

## RACING

DOMINIC WIGAN

LESTER PIGGOTT, whose 4,000th success in this country came, suitably enough, with his favourite ally, Ardross, at Newbury on Saturday, must be looking forward to the next few days on York's Knavesmire with more than a little relish.

The ten-times champion, who is likely to retire at the end of next season, has some likely looking mounts at his favourite course in a three-day meeting.

At present, it is not Piggott's Ebor Handicap ride, the favourite Military Band, who is the centre of betting business for the meeting, but, surprisingly, his Benson and Hedges mount, Mr Fluorocarbon. There is every confidence at Warren Place that he will inflict another defeat on the Irish colt, Assert.

Mr Fluorocarbon, a 5-2 chance when prices were first issued for tomorrow's £100,000 tobacco prize is now quoted at 2-1, while backing for the even-money favourite, Assert, remains light.

It is likely that Piggott will attempt to lie on the heels of Assert and Pat Eddery before switching to the outside in the final furlong.

The Benson and Hedges Gold Cup has seen some remarkable turn-ups since its first running in 1972, but no one could seriously entertain opposing both Assert and Mr Fluorocarbon. One intended runner who will be missing from the line-up is the 1,000 Guineas winner, Time Charter who has a dirty nose and is suffering a cold.

**WINDSOR**
2.45—Sparks
3.45—Expletive**
4.15—Zimbabwe*

**LEICESTER**
6.40—Fitzpatrick***
8.05—Vox

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Protecting painfully won markets

**Stewart Fleming** concludes an examination of West Germany's Nixdorf Computer

WITH its plans to make a determined attack on the "office of the future" market, Nixdorf Computer, the family owned German company controlled by Heinz Nixdorf, is accepting another daunting challenge. Already some critics of the company are suggesting that this time the ambitious and proud Nixdorf is finally taking one gamble too many and that the company is simply too small, with sales of only DM 2bn (£479m) to tackle the giants of the world data processing and telecommunications industries.

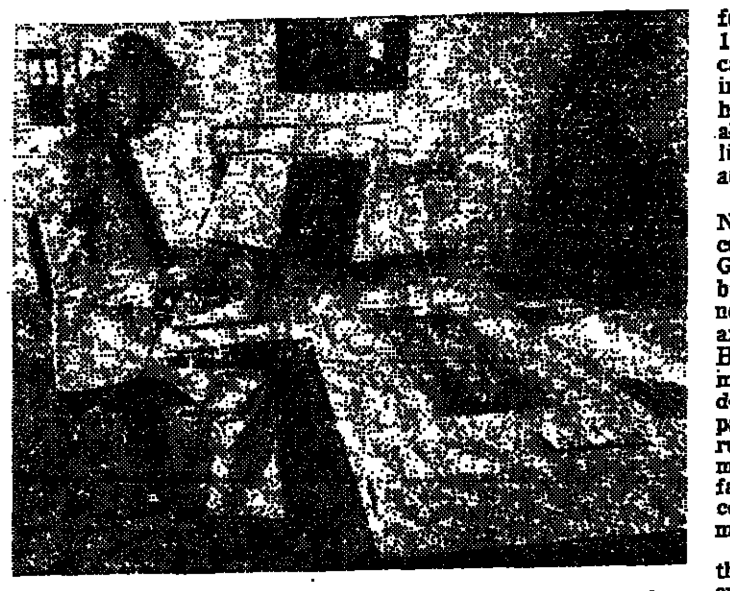
Such critics do of course have a point. After all, unlike the early years of Nixdorf's growth when the company carved out a market for itself in the field of distributed data processing, which the big computer companies had overlooked, this time virtually all the world's electronics giants are also setting their sights on the "office of the future."

Given the markets it is strong in, particularly the banking and financial sectors, it has to be said that Nixdorf has little choice but to move ahead into offering a broadly based palette of data processing and office communications equipment.

If it does not take this step it will simply leave these painfully won markets open to bigger competitors. Indeed the fact that the company already has a strong base in these sectors is one of its greatest strengths.

As Nixdorf himself points out the company envisages selling much of the new products it will be offering to existing customers. "We will be supplying 95 per cent to our existing customer base and only 5 per cent will be in markets," he says. There is, too, a clear vein of realism evident in the company's planning for the future. Co-operation agreements with other companies are already playing a bigger role in Nixdorf's business.

Thus, according to Klaus Luft, the deputy chief executive, Nixdorf does not see the necessity (and it would find it prohibitively expensive) of trying to establish a basic research capacity in the field of micro electronics and integrated circuits. "We have the relationships, with Ferranti for example, for gate arrays, and we are getting the tools so we can use them early enough."



Nixdorf believes that the pace of development . . . will be set by the capacity of the worker to use the systems

On the other hand Luft maintains that software development is going to be critical in determining which companies are successful in grabbing shares of the office of the future market.

Luft, not surprisingly, argues that the data processing based companies are the best placed ones with the longer experience with digital systems.

He says that the computer must be humanised so that secretaries and white-collar workers feel perfectly at home using it: it is through software development that this can be achieved. He, too, is among those who believe that the pace of development in the office will be set not only by technology, but by the capacity of the individual worker to use the systems, and therefore the capacity of the systems supplier to design equipment which is reasonably simple to use. "The question is not whether it can be done technologically: it can. Rather it is whether it can be used," he says.

### Co-operation

But it is not just in areas of software research that Nixdorf is already preparing itself to supply office systems. Luft himself concedes that a company Nixdorf's size cannot hope to do everything alone. Thus it has, for example, been co-operating with a Japanese manufacturer in the design of an "intelligent" facsimile machine.

Heinz Nixdorf claims that Nixdorf itself has been responsible for developing "80 per cent" of the electronic intelligence. It is involved too in the Ethernet project which Xerox Corporation has developed for inter-office digital communications. And it is one of the six participants in the West German post office's "Bigfon" project for the development of equipment for an optical fibre telecommunications network.

Moreover, Nixdorf has already become the first German company to market its own digital private telephone exchange equipment which will be a central feature of the integrated office. Independent consultants suggest, however, that Nixdorf's private telephone exchange is not the most advanced equipment available on the market.

The implication is clear. If the company wants to carry on being a leading competitor in the small business systems and distributed information systems for big institutions such as banks it must compete in the new office equipment markets, even though this promises to be a major challenge to its financial, technical and managerial resources.

It does not take much imagination to appreciate that a company like Nixdorf that has been increasing its sales by well over 25 per cent a year for three decades, that has almost doubled its worldwide workforce in the past five years to 15,000 and has increased its capital investment from DM 50m in 1977 to DM 250m last year, has to be pretty concerned about its financing, its profitability and its management information systems.

This is doubly the case for Nixdorf, since it is a private company without a quotation on Germany's sickly stock market but one with a worldwide business, a majority of whose shares are owned by one man. Had Heinz Nixdorf not adjusted his management style and learnt to delegate authority, the company would some time ago have run into the problems faced by many fast growing German family firms, of becoming too complex for the founder to manage.

Penetrating the financing of the company is far from easy, even though Nixdorf Computer's accounts are quite informative by the standards of other private, even some public, German companies. It was, for example, only in 1979 that it provided a consolidated balance sheet worldwide.

The biggest problem is the one common to the vast majority of German companies—namely that instead of net profit being the residual "bottom line" after costs and taxes have been deducted, German firms start building their profit and loss account from the bottom up not from the top—from sales revenues—down. The "bottom line" in a sense becomes the top line.

### Dividend

As Klaus Luft explains it, the company, like most large German concerns, bases the figure it discloses for net profit to a considerable extent on what it intends to pay as a dividend, and then works backwards. For example, once it has decided to pay DM 20m in dividend, its traditional goal of covering the dividend twice with disclosed earnings determines a disclosed net income figure of around DM 40m.

The pace of the company's growth in the past three or four years, however, has been such that it has not been able to generate internally all the funds it needs. Heavy investment in training people and developing new products, in equipment, and in R and D (R and D expenditure has doubled from DM 75m in 1977 to over DM 150m last year) has been a heavy burden on the company, although Klaus Luft stresses that the outgoings were planned.

Nevertheless, over this period the company has had two injections of new equity capital from a most unusual source, the Deutsche Bank, West Germany's biggest bank. German banks do not normally provide equity for their customers, only loans. Indeed the lack of external sources of equity capital is a major problem for the German economy at a time of low profits and economic recession.

Moreover, when Deutsche pumped the first new equity tranche into Nixdorf, political pressures were mounting for German banks to dispose of their big industrial shareholdings — not to acquire new ones.

That was in 1979 when Nixdorf was approached by Volkswagen, which was seeking to diversify into the data processing market. (VW later bought Triumph-Adler and is now in the midst of a battle to make that company profitable and to modernise its product line).

Nixdorf rejected the Volkswagen move—which would probably have brought in around *DM 600m of new equity*—because Heinz Nixdorf was not prepared to surrender majority control to the big motor concern. Instead he sold 25 per cent of the equity of the company for around DM 200m to Deutsche Bank at a price of DM 275 a share. The money was used to enlarge equity capital.

Then last year as short- and long-term debt rose to DM [illegible] from DM 1.2bn in 1979, a further DM 66bn of new equity was added through a rights issue, at DM 165 a share, and debt was restructured to raise the proportion of (floating rate) long-term loans to DM 354m. This cut short-term debt, a move which it is hoped will help reduce the heavy burden of interest charges.

Although Nixdorf himself recognised early on the need for effective financial controls in the company, there can be no doubt that having Deutsche Bank as a major shareholder, not just to provide money, but also to advise, guide and if necessary restrain, the company, is a luxury which some other German entrepreneurs must envy.

## A fanatic and a pragmatist

"HE IS not like the typical rich man. He is tough and he is critical, but he still lives very simply. And the company itself is still the best sort of family owned company — one where the family is dedicated to the business but, apart from Nixdorf himself, is not involved in running it."

That is the measured judgment of one close acquaintance of Heinz Nixdorf, the 57 year old physicist and businessman who, during the past thirty years, has created one of the most remarkable companies in Europe, Nixdorf Computer of West Germany, which is 70 per cent controlled by Nixdorf himself — a stake worth over DM500m (£120m) in all probability.

This description of Nixdorf captures some of the facets of the man but falls short of describing the mixture of fanaticism and pragmatism, of personal modesty coupled with immense pride and self-confidence, contained within the wiry frame of the energetic entrepreneur.

The interplay of these conflicting personality traits surfaces in public in a myriad of ways, some of which seem to present a picture of a cantankerous eccentric or a social rebel.

Heinz Nixdorf

### Encourage

For instance, the Nixdorf who grew up in the relatively small rural Roman Catholic town of Paderborn (*population today 120,000*) is the man who two years ago decided to give female employees of the firm gifts on the birth of a child. The aim is to encourage motherhood in a country which has a low birthrate. But Nixdorf, defying social norms decided to give married mothers DM 500 on the birth of each child, and unmarried mothers twice as much.

And in a country where academic achievement is still widely venerated even professors do not escape the scorn of the down to earth pragmatist in Nixdorf's make-up. He is openly scornful of teachers who lack a base of practical experience. This helps to explain why the company he owns runs its own apprentice school where Nixdorf is able to give young trainees a practically orientated educational basis.

Nixdorf is proud, too, for the fact that he has so many apprentices in his firm—around 1,000—a commitment of time and effort he is not obliged to make, but believes in passionately. "The strength of our economy is training:" he says, recounting how for hundreds of years Germany has had a deeply embedded apprentice system.

"Prepare yourselves for a surprise," he says, opening a door in the newly-constructed building, and there is an indoor soccer field. "This is a revolution," he says, pointing at the apprentices, who are playing soccer in working hours. "I wish I could do it for all our workers but we cannot afford it," he says, adding that he believes people should play sport four times a week. He gives his apprentices the chance partly because he does not believe that they should be disadvantaged in relation, say, to young people who go to university.

Nixdorf is the oldest of five children. His father was a railway clerk who died during the war. His mother, he says proudly, is 81 and still alive. His home town is Paderborn just outside the Rhur. Although he left it to go to university in Frankfurt, he did not complete his studies but founded his business instead. The talented young mathematician and physicist returned to work in his home town, as many Germans do.

Although Nixdorf Computer is the biggest employer there, with a multi-storey headquarters and a huge factory, Nixdorf does not live extravagantly. He still drives an old rotary-engined Ro 80 car which has become something of a symbol of his modest living standards, and socialises with old friends in the town.

Only 12 per cent of the company's workforce is unionised, and representatives of the big metal workers trade union I G Metall describe Nixdorf as typical of the paternalistic medium-sized employer-entrepreneur. He treats his employees well, which is one reason why I G Metall has made such little progress with unionisation.

His success as an entrepreneur owes much to his determined rejection of "conventional wisdom." In the past it was of course partly his decision to resist the idea of centralising computer power in ever bigger installations and his commitment to distributed data processing, which, along with his own talent as a developer of electronic calculating machines, helped to account for the company's success.

Today he puts immense emphasis on the "mechanical" elements in his products — again moving against the "conventional wisdom" which has become dazzled with the miracles of micro-electronics. "The head of this printer moves up and down 1,500 times a minute," he says, adding "It's mechanical."

"The heart of this company is electronic, but electronics account for only 21 per cent of sales values—for every DM 40 in sales we buy DM 1 in electronic goods; in production time output is 95 per cent to 5 per cent mechanical."

### Critical

His determination to retain control of the company he has built up reflects the self-made man's powerful belief that he knows best how to run it and where it should go. Associates say he has often taken critical strategic decisions alone, such as, for example, the decision in the mid-1960s to set up a comprehensive sales and service network.

Heinz Nixdorf himself is obviously dying to prove again that he can confound the critics and at the same time demonstrate what he sees as the basic strengths of German business. The man who in a decade has turned himself into a top level yachtsman and dreams one day of perhaps challenging for the Americas Cup does not mind seeing the odds stacked against him. They have been that way for much of his life.

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FINANCIAL TIMES

# Eurobond Quotations and Yields

The Association of International Bond Dealers

at 31st July 1982

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are *published monthly by the* Financial Times. The Association's prices and yields are compiled for quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers *scattered across the world's* major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 600 institutions from about 32 countries.

## Eurobonds in July

BY OUR EUROMARKETS STAFF

TWO fixed-interest Eurodollar bonds were launched at the beginning of July, for BC Hydro, and France's Caisse Centrale de Co-operation Economique. These were the first such issues the market had seen for almost two weeks, following the June "shake-out."

The market's brief attempts at a rally towards the end of June and beginning of July *never really took off,* but despite this, UBS Securities launched a $100m 10-year issue for the EIB on July 6. This bond was priced to yield 15.65 per cent, and although the market thought it was somewhat aggressively priced and badly timed, a second $100m tranche was launched exactly a week later.

On July 7 the prediction by Continental Illinois of its losses relating to the closure of the *Penn Square Bank of Oklahoma* resulted in a dramatic markdown of North American bank bonds in the Eurodollar market. The following day there was a temporary suspension of trading in Continental Illinois paper, and similarly with Canadian Imperial Bank of Commerce (CIBC) bonds on July 9. It was *soon obvious,* however, that the market had overreacted, and there was some limited buying again late on the ninth.

Also in this sector, it was learned half-way through the month that the Japanese Ministry of Finance had authorised four Japanese banks to issue fixed-interest Eurodollar bonds. As a consequence, Sumitomo Bank, the Nippon Credit Bank and the Long Term Credit Bank of Japan came to the market in July.

Following the decline in Eurodollar interest rates, the second half of the month saw a heavy $1.6bn of new issues in this sector. The World Bank led the flood of new borrowers with a $400m two-tranche issue involving the swapping of the dollar proceeds into Swiss franc liabilities. Both tranches carried a 15 per cent coupon.

Launched at the same time was a $50m 15-year convertible issue for Southern California Edison, notable for being the *first convertible issue for* a U.S. utility.

A large amount of Canadian paper appeared towards the *end of July. Bonds* were launched for the provinces of New Brunswick, Newfoundland and Nova Scotia, in addition to *a $75m issue* for Canadian Pacific Securities, a $150m deal for Ontario Hydro, and a $75m issue for Alcan. This *heavy volume of new* paper proved too much for the market at a time when there was serious concern about the *economy there,* and most of the issues sold slowly.

As the month closed IBM, a top quality and rare borrower, came to the Eurodollar sector. A $100m five-year bond-plus-warrant deal was arranged by Morgan Guaranty, CSFB and Salomon Bros., and offered a yield just below the equivalent U.S. Treasury bond. Despite this aggressive pricing, the IBM bond sold quickly, showing the market's increasing preference *for first-class names.*

In the Eurosterling sector the Bank of England announced in July that in future issuers of Eurosterling bonds would have to seek its consent over the timing of their issues in order not to disturb the domestic market.

During July Tenneco, the U.S. diversified industrial group, and the Province of Quebec both came to the Eurosterling sector to raise £30m each. In *addition,* a *£100m* "bulldog" bond (a bond issued in the domestic UK market for a foreign entity) was also arranged for Australia by SG Warburg.

In West Germany prices on the month were up about ½ point as six-month Euro-DM rates fell about ½ per cent. The West German Subcommittee on Capital Markets met at the beginning of July and decided to allow only those borrowers who had been on the previous calendar (halted in June as the market deteriorated) to bring issues within the next fortnight.

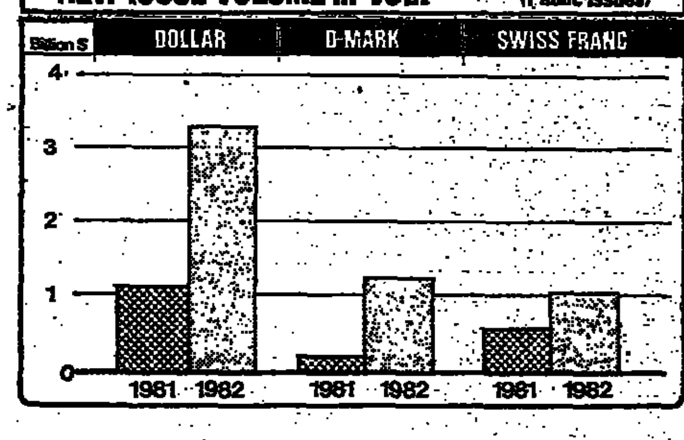
The next meeting of the subcommittee, half-way through the month, set a new calendar containing some 13 names and DM 1.375bn of new paper.

In the Swiss franc foreign bond sector Natomas, the U.S. energy company, launched the first eight-year public bond issue seen in this market, following relaxations by the Swiss National Bank. Led by SBC, this SwFr 75m bond bore a 7½ per cent coupon, priced to yield 7.586 per cent.

As the month closed an unusual SwFr 100m 12-year issue for Transamerica Corporation was arranged by SBC. This bond was dollar linked, and provided a curency hedge by paying interest in Swiss francs and the capital in dollars.

This sector continued to perform well in July, with a large number of new issues, and prices rose almost two points on the month, as Swiss franc six-month interest rates fell from a high 6 per cent at the beginning of July, to 5½ per cent at its close.

NEW ISSUE VOLUME in JULY (Public Issues)

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The table of quotations and yields gives the latest rates available on July 31st, 1982.

This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will take in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY DATASTREAM INTERNATIONAL LTD

US DOLLARS—ALGERIA

[illegible]

| Issued/Amt. O/S (mn) | Year of issue/Issue price | Borrower/Coupon maturity | Price | Yield to maturity/to avge life | Current yield |
|---|---|---|---|---|---|
| | | US DOLLARS–DENMARK (CONTINUED) | | | |
| 30 | 1977 100.00 | PRIVATBANKEN 8.00 15/ 4/1984 | 88 1/4 | 16.34 | 9.07 |
| 20 16.0 | 1973 100.00 | F L SMIDTH 9.50 1/ 7/1988 S | 75 | 16.88 21.62 | 13.07 |
| | | US DOLLARS–FINLAND | | | |
| 100 | 1978 99.40 | FINLAND,REPUBLIC OF 8.75 15/ 6/1983 S | 94 7/8 | 15.76 | [illegible] |
| 50 50.0 | 1977 99.35 | FINLAND,REPUBLIC OF 8.75 15/10/1992 S | [illegible] | [illegible] 17.27 | 12.57 |
| 100 | 1978 99.65 | FINLAND,REPUBLIC OF 9.00 15/ 9/1988 S | 76 5/8 | 15.51 | 12.09 |
| 100 | 1979 99.50 | FINLAND,REPUBLIC OF 9.50 15/ 3/1986 | 83 3/4 | 15.65 | 11.34 |
| 100 | 1979 100.00 | FINLAND,REPUBLIC OF 9.625 1/ 7/1989 S | 76 1/2 | 15.91 | 12.98 |
| 100 | 1981* 100.00 | FINLAND,REPUBLIC OF 14.75 15/11/1986 S | 96 1/4 | 16.60 | 15.91 |
| 75 | 1982* 99.75 | FINLAND,REPUBLIC OF 15.25 1/ 4/1987 | 99 1/2 | 15.33 | 15.33 |
| 30 | 1977 100.00 | ENSO-GUTZEIT 8.25 15/ 2/1984 | 90 1/4 | 15.74 | 9.14 |
| 30 | 1980 100.00 | FINNISH EXPORT CREDIT 10.50 1/ 7/1985 | 87 3/8 | 16.24 | 12.02 |
| 30 | 1981* 99.00 | FINNISH EXPORT CREDIT 14.75 1/12/1986 | 95 1/4 | 16.28 | 15.49 |
| 15 9.0 | 1972 99.50 | FINNISH MUNICIPAL LOAN 8.25 15/ 3/1987 | 78 3/8 | 15.03 18.86 | 10.53 |
| 15 11.2 | 1974 98.00 | FINNISH MUNICIPAL LOAN 8.75 1/ 2/1989 | 73 1/2 | 15.45 17.56 | 11.90 |

[illegible]

US DOLLARS—UNITED STATES (CONTINUED)

| Issued/Amt. outstanding | Year of issue/Issue price | Borrower/Coupon/Maturity | Price | Yield to maturity/to avg. life | Current yield |
|---|---|---|---|---|---|
| 160<br>32.0 | 1977<br>100.00 | R.J. REYNOLDS OVERSEAS<br>7.50 18/11/1982 | 96 1/2 | 20.11 | 7.77 |
| 20<br>6.5 | 1970<br>99.75 | RICHARDSON-MERRELL<br>8.75 15/12/1985 | 87 3/4 | 13.45<br>16.32 | 9.97 |
| 30<br>21.5 | 1976<br>100.50 | SANTA FE INT FIN<br>9.50 15/7/1986 | 80 1/4 | 16.70<br>16.95 | 11.84 |
| 20<br>7.9 | 1971<br>98.50 | SCOTT PAPER O/S<br>8.75 1/7/1986 | 84 1/2 | 14.74<br>16.42 | 10.36 |
| 100 | 1982*<br>100.00 | SEARS O/S FIN<br>13.875 15/5/1988 | 99 1/4 | 14.03 | 13.98 |
| 100 | 1982*<br>100.00 | SEARS O/S FIN<br>13.875 15/5/1988 | 96 1/8 | 14.88 | 14.43 |
| 50 | 1981<br>98.50 | SOUTH CALIFORNIA EDISON<br>14.00 1/4/1987 | 93 3/4 | 16.32 | 14.18 |
| 50 | 1981<br>99.25 | SOUTH CALIFORNIA EDISON<br>14.75 1/7/1988 | 102 1/8 | 14.18 | 14.44 |
| 75 | 1982*<br>100.00 | SOUTH CALIFORNIA EDISON<br>15.00 1/5/1989 | 101 3/4 | 14.53 | 14.74 |
| 75 | 1981*<br>100.00 | SOUTH CALIFORNIA EDISON<br>16.75 15/11/1986 | 106 5/8 | 14.49 | 15.71 |
| 60 | 1982*<br>99.50 | SOUTH CAROLINA ELECTRIC<br>15.50 15/4/1987 | 98 1/8 | 15.92 | 15.80 |
| 25<br>25.8 | 1973<br>100.00 | STANDARD OIL OF INDIANA<br>8.375 1/12/1988 | 81 1/8 | 12.68<br>14.27 | 10.32 |
| 30<br>24.0 | 1973<br>97.50 | STANDARD OIL OF INDIANA<br>8.50 15/8/1988 | 81 3/8 | 13.15<br>14.74 | 10.45 |
| 25<br>20.0 | 1977<br>99.50 | SUNDSTRAND FIN INT<br>8.75 1/6/1987 | 73 1/2 | 17.23 | 11.90 |
| 20<br>5.0 | 1976<br>99.00 | SUNDSTRAND FIN INT<br>9.75 15/2/1983 | 95 | 19.91 | 10.26 |
| 125 | 1982*<br>100.00 | SUPERIOR O/S FIN<br>14.00 1/6/1989 | 97 5/8 | 14.55 | 14.34 |

US DOLLARS—MULTINATIONAL (CONTINUED)

US DOLLARS—SUPRANATIONAL (CONTINUED)

US DOLLARS—ZERO COUPON (CONTINUED)

US DOLLARS—FLOATING RATE (CONTINUED)

CANADIAN DOLLARS (CONTINUED)

EUROGUILDERS (CONTINUED)

| Issued / Amt. out. (mln) | Year of issue / Issue price | Borrower / Coupon maturity | Price | Yield to maturity / to average life | Current yield |
|---|---|---|---|---|---|
| 25 | 1978 100.00 | BANK MEES & HOPE 7.00 1/ 4/1983 | 96 5/8 | 9.10 | 7.10 |
| 25 | 1980 100.00 | BANK MEES & HOPE 10.00 1/ 8/1985 | 100 3/8 | 9.75 | 9.94 |
| 75 | 1982* 100.00 | BANK MEES & HOPE 10.00 1/ 5/1987 | 99 5/8 | 10.06 | 10.04 |
| 60 | 1981* 99.50 | BELGELECTRIC FIN 12.25 15/11/1986 | 104 1/4 | 10.92 | 11.75 |
| 25 | 1978 99.50 | BRAZIL, REPUBLIC OF 7.50 1/ 7/1983 | 95 3/8 | 13.12 | 7.86 |
| 25 | 1978 99.00 | C.F.E. — MEXICO 7.75 1/ 8/1983 | 94 5/8 | 13.85 | 8.19 |
| 40 10.0 | 1976 99.50 | EERSTE NEDER CEMENT 8.50 15/ 4/1983 | 99 | 9.90 | 8.59 |
| 150 | 1981 99.25 | EURATOM 11.50 1/ 6/1988 | 102 | 11.00 | 11.27 |
| 30 | 1982* 100.00 | EUROFIMA 10.50 1/ 4/1989 | 101 | 10.26 | 10.40 |
| 60 | 1976 99.75 | EUROPEAN COAL & STEEL 6.00 15/ 2/1983 | 99 3/8 | 9.06 | [illegible] |
| 50 30.0 | 1972 100.00 | EUROPEAN INVESTMENT BANK 6.00 15/ 9/1982 | 99 3/4 | 7.88 | 6.02 |
| 35 | 1978 99.50 | EUROPEAN INVESTMENT BANK 7.25 1/10/1985 | 94 1/8 | 9.46 | 7.70 |
| 75 | 1976 99.75 | EUROPEAN INVESTMENT BANK 8.00 15/ 4/1983 | 99 3/8 | 8.84 | 8.05 |
| 75 | 1977 100.00 | EUROPEAN INVESTMENT BANK 8.00 15/ 2/1984 | 98 1/2 | 9.02 | 8.12 |
| 25 | 1978 99.00 | EUROPEAN INVESTMENT BANK 8.25 1/ 1/1986 | 95 1/4 | 9.92 | 8.66 |
| 75 | 1982* 100.00 | EUROPEAN INVESTMENT BANK 11.00 1/ 3/1987 | 101 7/8 | 10.43 | 10.80 |
| 25 25.0 | 1979 99.50 | FRIESCH-GRONINGSCHE HYPO 8.75 1/11/1986 | 89 7/8 | 11.89 13.38 | 9.74 |
| 60 | 1980 99.25 | FRIESCH-GRONINGSCHE HYPO 9.75 1/ 9/1987 | 84 5/8 | 14.18 | 11.52 |
| 100 | 1980 99.50 | HEINEKEN NV 10.00 15/ 7/1987 | 100 3/8 | 9.90 | 9.96 |
| 75 | 1982* 100.00 | IRELAND 10.50 15/ 6/1987 | 98 7/8 | 10.79 | 10.62 |

EUROGUILDERS (CONTINUED)

| Issued / Amt. out. (mln) | Year of issue / Issue price | Borrower / Coupon maturity | Price | Yield to maturity / to average life | Current yield |
|---|---|---|---|---|---|
| 150 | 1982* 100.00 | WORLD BANK 10.00 1/ 6/1987 | 99 1/4 | 10.19 | 10.08 |
| 100 | 1981 99.00 | WORLD BANK 12.00 1/ 6/1986 | 105 | 10.33 | 11.43 |
| 150 | 1981* 99.50 | WORLD BANK 12.75 1/10/1986 | 107 3/8 | 10.45 | 11.87 |
| | | **EURO COMPOSITE UNITS** | | | |
| 60 | 1974 100.00 | EUROPEAN INVESTMENT BANK 8.00 15/ 1/1989 | 88 1/8 | 10.61 | 9.08 |
| 30 | 1973 99.50 | EUROPEAN INVESTMENT BANK 8.375 27/ 9/1988 | 86 3/4 | 10.97 | 9.44 |
| | | **EURO CURRENCY UNITS** | | | |
| 30 | 1982* 99.75 | CENT EUC EUR — NERSA 13.875 15/ 2/1990 | 98 7/8 | 14.08 | 14.03 |
| 25 | 1982* 100.75 | COUNCIL OF EUROPE 14.25 30/ 3/1990 | 102 5/8 | 13.63 | 13.89 |
| 40 | 1981 100.00 | EUROPEAN INVESTMENT BANK 13.25 11/ 8/1989 | 99 3/4 | 13.29 | 13.28 |
| 40 | 1982* 99.50 | EUROPEAN INVESTMENT BANK 13.75 15/ 7/1989 | 101 1/4 | 13.45 | 13.58 |
| 45 | 1981* 99.25 | EUROPEAN INVESTM'T BK [illegible] 14.25 28/10/1989 | 101 5/8 | 13.84 | 14.02 |
| 45 | 1981* 99.25 | EUROPEAN INVESTM'T BK [illegible] 14.25 26/10/1989 | 101 3/4 | 13.81 | 14.00 |
| 40 40.0 | 1982* 99.50 | I.M.I. 14.00 2/ 7/1989 | 97 3/8 | 14.61 14.08 | 14.38 |
| 30 30.0 | 1981* 100.00 | IST BANC S P DI TORINO 14.75 3/12/1988 | 101 7/8 | 14.22 14.16 | 14.48 |
| 50 | 1982* 100.00 | ITALY, REPUBLIC OF 14.00 22/ 2/1989 | 99 1/8 | 14.16 | 14.12 |
| 50 | 1982* 100.00 | QUEBEC HYDRO 13.50 1/ 6/1989 | 98 7/8 | 13.74 | 13.65 |
| 40 | 1981* 99.00 | QUEBEC HYDRO 14.25 16/ 9/1988 | 101 3/4 | 13.78 | 14.00 |
| 35 33.6 | 1981 100.00 | S.F.T.E. 13.00 21/ 4/1987 | 99 | 13.25 13.31 | 13.13 |

EURO [illegible] UNITS

هكذا من الأصل



# 31st JULY 1982 WestLB Euro-Deutschmarkbond Quotations and yiel

Advertisement

| Issue | Middle Price | Current Yield | Yield to Maturity* | Life* | Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund |
|---|---|---|---|---|---|
| 8% ADELA 76/83 | 96.00 | 8.33 | 14.52 | 0.67 | 1. 4.83 |
| 7¾% African Dev. Bank 79/86 | 92.25 | 8.40 | 10.28 | 3.83 | 1. 0.86 |
| 8% African Dev. Bank 79/87 | 88.75 | 9.01 | 10.91 | 5.25 | 1.11.87 |
| 6½% Airport Paris 69/84 PP (G) | 96.25 | 6.75 | 10.30 | 1.07 | 1. 3.75—84D |
| 7¾% AKZO 76/83 PP | 97.25 | 7.97 | 11.32 | 0.83 | 1. 6.83 |
| 6% AKZO 78/84 PP | 92.25 | 6.50 | 11.31 | 1.67 | 1. 4.84 |
| 6½% AKZO 79/86 PP | 90.00 | 7.22 | 9.93 | 3.58 | 1. 3.86 |
| 9% AKZO 80/90 | 97.30 | 9.25 | 9.49 | 7.79 | 15. 5.66—90S |
| 9½% Auto 82/89 | 97.75 | 9.72 | 9.96 | 7.00 | 7. 7.89 |
| 8¼% Alusuisse Int'l. 75/83 | 99.00 | 8.33 | 9.34 | 1.00 | 1. 9.81—83D |
| 5½% American Expr. Int'l. 79/87 | 91.25 | 6.03 | 7.89 | 4.46 | 15. 1.87 |
| 6½% AMEX Int'l. 77/84 PP | 95.50 | 7.07 | 9.76 | 1.67 | 1. 4.84 |
| 7¾% ARBED Finance 76/83 PP | 95.75 | 8.09 | 11.52 | 1.35 | 1.11.83 |
| 6¾% ARBED Finance 77/87 | 89.50 | 7.54 | 9.55 | 4.83 | 1. 6.83—87S |
| 7½% ARBED Finance 79/86 PP | 87.50 | 8.57 | 11.42 | 4.17 | 1.10.86 |
| 9% ARBED Finance 80/87 PP | 92.50 | 9.73 | 11.07 | 4.83 | 1. 6.87 |
| 6¾% Ardal-Sunndal 77/89 PP | 91.00 | 7.42 | 9.73 | 3.72 | 1. 7.82—89D |
| 10¾% Ardal-Sunndal 81/89 | 103.25 | 10.41 | 10.07 | 6.92 | 1. 7.89 |
| 7½% Argentine 77/84 | 85.70 | 8.75 | 15.75 | 2.17 | 1.10.84 |
| 6½% Argentine 78/85 | 80.00 | 8.13 | 16.57 | 2.58 | 1.3. 85 |
| 6½% Argentine 78/88 | 72.75 | 8.93 | 16.04 | 4.10 | 1.11.84—88D |
| 7½% Argentine 79/89 | 76.00 | 9.87 | 13.04 | 6.75 | 1. 5.85—89S |
| 7% Asian Dev. Bank 69/84 | 99.25 | 7.05 | 7.53 | 2.08 | 1. 9.75—84S |
| 7¾% Asian Dev. Bank 76/83 PP | 98.25 | 7.89 | 10.46 | 0.67 | 1. 4.83 |
| 7% Asian Dev. Bank 77/85 | 95.50 | 7.33 | 8.94 | 2.67 | 1. 4.85 |
| 5½% Asian Dev. Bank 78/88 | 84.00 | 6.55 | 9.20 | 5.75 | 1. 5.88 |
| 7¼% Asian Dev. Bank 79/89 | 90.00 | 8.06 | 9.25 | 7.00 | 1. 8.89 |
| 8⅜% Asian Dev. Bank 80/90 | 93.40 | 8.97 | 9.55 | 8.25 | 1.11.90 |
| 10% Asian Dev. Bank /8090 | 101.75 | 9.83 | 9.65 | 7.75 | 1. 5.90 |
| 10% Asian Dev. Bank 81/91 | 101.75 | 9.83 | 9.67 | 8.67 | 1. 4.91 |
| 10¾% Asian Dev. Bank 81/89 | 105.50 | 10.19 | 9.64 | 7.21 | 15.10.89 |
| 9¼% Asian Dev. Bank 82/92 | 98.20 | 9.42 | 9.53 | 9.71 | 15. 4.92 |
| 7½% Aumar 73/88 (G) | 92.35 | 8.12 | 10.97 | 2.85 | 1. 2.79—88D |
| 9% Aumar 76/84 (G) | 99.00 | 9.09 | 9.57 | 2.04 | 15. 8.77—84S |
| 7¾% Aumar 77/84 (G) | 95.25 | 8.14 | 10.60 | 1.92 | 1. 7.84 |
| 6½% Australia 67/82 | 9.50 | 6.53 | 8.40 | 0.25 | 1.11.73—82S |
| 6¾% Australia 68/83 | 99.50 | 6.78 | 7.41 | 1.00 | 1. 8.74—83S |
| 6½% Australia 69/84 | 99.50 | 6.53 | 6.97 | 1.50 | 1. 2.75—84S |
| 7¼% Australia 69/84 | 99.50 | 7.29 | 7.63 | 2.25 | 1.11.75—84S |
| 7% Australia 72/87 | 99.75 | 7.02 | 7.05 | 4.50 | 1. 2.78—87S |
| 7¼% Australia 76/83 | 99.25 | 7.30 | 8.49 | 0.58 | 1. 3.83 |
| 5¾% Australia 77/89 | 87.70 | 6.56 | 8.05 | 7.25 | 1.11.85—89S |
| 6% Australia 78/88 | 90.60 | 6.62 | 8.01 | 6.08 | 1. 9.88 |
| 8% Australia 80/87 PP | 100.50 | 7.96 | 7.87 | 5.33 | 1.12.87 |
| 8⅛% Australia 80/90 | 100.75 | 8.06 | 7.98 | 7.58 | 1. 3.90 |
| 9⅜% Australia 82/91 | 103.60 | 9.05 | 8.74 | 8.54 | 15. 2.91 |
| 9⅜% Australia 81/91 | 103.50 | 9.06 | 8.80 | 9.37 | 15.12.91 |
| 6¾% Austr. Ind. Dev. Corp. 72/87 | 93.00 | 7.28 | 9.39 | 3.16 | 1.11.78—87D |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## 5 years maturity: 9.25%

| | | | | | |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Issue | Middle Price | Current Yield | Yield to Maturity* | Life* | Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |



| | | | | | |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Issue | Middle Price | Current Yield | Yield to Maturity* | Life* | Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund |
|---|---|---|---|---|---|
| 7½% Kobe 76/83 (G) | 98.50 | 7.61 | 9.39 | 0.83 | 1. 6.83 |
| 6½% Kobe 77/87 (G) | 92.65 | 7.02 | 8.40 | 4.83 | 1. 6.87 |
| 5¾% Kobe 78/88 (G) | 91.75 | 6.27 | 8.30 | 3.92 | 1. 7.86 |
| 7⅛% Kobe 79/89 (G) | 93.25 | 7.64 | 8.41 | 7.17 | 1.10.89 |
| 8% Kobe 80/90 (G) | 98.35 | 8.13 | 8.29 | 7.92 | 1. 7.90 |
| 7¾% Kommunl. Inst. 76/83 | 99.00 | 7.83 | 9.24 | 0.67 | 1. 4.81—83D |
| 8% Kommunl. Inst. 76/84 | 98.00 | 8.16 | 9.01 | 2.21 | 15.10.77—84D |
| 9¼% Kopenhagen 82/92 | 97.25 | 9.51 | 9.69 | 9.96 | 15. 6.85—92S |
| 7¼% Korea Dev. Bank 77/84 (G) | 91.50 | 7.92 | 11.57 | 2.33 | 1.12.84 |
| 5¼% Kupbota Int'l. 77/82 PP | 98.25 | 5.34 | 10.68 | 0.33 | 1.12.81—82D |
| 5¾% Kvaerner Ind. 78/88 PP | 87.50 | 6.57 | 10.16 | 3.49 | 1. 3.84—88D |
| 6¾% Light-Servicos 78/86 (G) | 80.50 | 8.39 | 13.71 | 3.75 | 1. 5.86 |
| 8½% Light-Servicos 80/90 (G) | 82.70 | 10.28 | 13.18 | 5.33 | 16. 1.88—90D |
| 9¾% Lonrho Intern. 80/87 | 99.50 | 9.80 | 9.86 | 4.75 | 2. 5.87 |
| 6½% Lufthansa Int'l. 79/86 PP | 91.25 | 7.12 | 9.47 | 3.58 | 1. 3.86 |
| 7% Malaysia 72/84 | 98.00 | 7.14 | 8.63 | 1.32 | 1. 6.75—84D |
| 6½% Malaysia 77/85 | 90.00 | 7.22 | 10.45 | 3.08 | 1. 9.85 |
| 9¼% Malmoe 75/84 | 100.25 | 9.23 | 8.90 | 1.07 | 1. 2.81—84D |
| 8¼% Malmoe 76/83 | 99.75 | 8.27 | 8.56 | 0.58 | 1. 3.80—83D |
| 6½% Manitoba 77/84 | 95.95 | 6.77 | 8.88 | 1.92 | 1. 7.84 |
| 6¾% Manit. Hydro El. 72/87 | 94.75 | 7.12 | 8.10 | 4.83 | 1. 6.78—87S |
| 6¼% Megal Fin. Comp. 78/90 | 82.50 | 7.58 | 9.65 | 7.42 | 2. 1.85—90S |
| 7% Megal Fin. Comp. 78/89 | 87.50 | 8.00 | 9.61 | 6.67 | 1. 4.87—89P |
| 7% MEPC 73/88 | 92.25 | 7.59 | 10.00 | 3.11 | 1. 5.79—88D |
| 7¼% Mexico 73/88 | 86.75 | 8.36 | 10.56 | 5.42 | 1. 1.79—88S |
| 8% Mexico 76/83 | 97.50 | 8.21 | 11.23 | 0.83 | 1. 6.83 |
| 7¾% Mexico 77/84 | 93.75 | 8.27 | 11.70 | 1.83 | 1. 6.84 |
| 6% Mexico 78/85 | 85.00 | 7.06 | 12.97 | 2.67 | 1. 4.85 |
| 11% Mexico 81/89 | 99.50 | 11.06 | 11.08 | 6.37 | 16.12.88 |
| 8¾% Michelin Finance 80/87 PP | 95.75 | 9.14 | 9.80 | 5.29 | 16.11.87 |
| 8½% Midland Int. Fin. 80/90 | 97.50 | 8.72 | 8.93 | 8.21 | 15.10.90 |
| 6½% Mitsubishi Chemical 79/84 | 96.75 | 6.72 | 8.55 | 1.75 | 20. 4.84 |
| 5¾% Mitsubishi Petro 78/83 | 90.40 | 5.96 | 9.38 | 1.08 | 1. 9.83 |
| 9% MODO 75/83 | 99.25 | 9.07 | 9.91 | 0.83 | 1. 6.80—83D |
| 7% Montreal 69/89 | 91.75 | 7.63 | 9.89 | 3.48 | 1. 4.70—89D |
| 6% Montreal 72/92 | 85.25 | 7.04 | 9.74 | 5.20 | 1. 9.73—92D |
| 6¾% Montreal 73/93 | 90.00 | 7.50 | 8.17 | 10.83 | 1. 6.74—93S |
| 8½% Montreal 76/86 | 98.75 | 8.61 | 8.88 | 3.92 | 1. 7.77—86S |
| 7% Montreal 77/87 | 94.00 | 7.45 | 8.53 | 4.96 | 16. 7.78—87S |
| 7½% Mortg. Denmark 69/84 (G) | 98.00 | 7.65 | 8.67 | 2.25 | 1.11.75—84S |
| 7% Mortg. Denmark 73/88 (G) | 91.00 | 7.69 | 9.02 | 5.92 | 1. 7.79—88S |
| 8½% Mortg. Denmark 80/90 (G) | 93.45 | 9.10 | 9.72 | 7.92 | 1. 7.90 |
| 10½% Mortg. Denmark 81/91 | 102.85 | 10.21 | 10.00 | 9.25 | 1.11.91 |
| 6¾% Mortg. Bk. Finl. 69/84 (G) | 96.50 | 6.99 | 9.25 | 1.67 | 1. 4.73—84S |
| 8¾% Nafi. Mexico 78/83 PP (G) | 95.50 | 9.16 | 12.52 | 1.33 | 1.12.83 |
| 8¾% Nafi. Mexico 77/84 (G) | 94.75 | 9.23 | 12.52 | 1.58 | 1. 3.84 |
| 8¾% Nafi. Mexico 77/84 PP (G) | 94.25 | 9.28 | 12.90 | 1.58 | 1. 3.84 |
| 11% Nafi. Mexico 82/90 (G) | 97.25 | 11.31 | 11.53 | 7.67 | 1. 3.90 |
| 6½% Nat. Bk. Hungary 77/85 | 83.90 | 7.75 | 12.84 | 3.25 | 1.11.85 |
| 7% Nat. Nederl. Fin. Maat 79/86 PP | 92.25 | 7.59 | 9.32 | 4.17 | 1.10.86 |
| 8% Nat'l. Westm. Bk. 73/88 | 98.30 | 8.14 | 8.35 | 6.17 | 1.10.79—88S |
| 11% Nat'l. Westm. Bk. 81/91 | 108.00 | 10.19 | 9.63 | 9.17 | 1.10.91 |
| 9⅞% Nat'l. Westm. Bk. 82/92 | 101.80 | 9.70 | 9.56 | 9.42 | 1. 1.92 |
| 8% Nederl. Gasunie 79/86 | 100.50 | 7.96 | 7.77 | 2.79 | 1.12.83—86 |
| 8½% Nederl. Gasunie 83/87 | 100.25 | 8.48 | 8.37 | 3.03 | 1. 3.84—87S |
| 6¾% New Brunswick 72/87 | 95.50 | 7.07 | 7.82 | 5.25 | 1.11.78—87S |
| 7¼% Newfoundland 69/84 | 99.75 | 7.27 | 7.52 | 2.00 | 1. 8.75—84S |
| 8% Newfoundland 71/86 | 101.00 | 7.92 | 7.54 | 2.45 | 1. 8.77—86S |
| 6¾% Newfoundland 72/87 | 93.75 | 7.20 | 8.25 | 5.25 | 1.11.78—87S |
| 6½% Newfoundland 73/83 | 95.00 | 6.84 | 7.61 | 5.67 | 1. 4.81—88S |
| 6¾% New Zealand 69/84 | 98.00 | 6.89 | 9.11 | 0.99 | 1. 2.75—84D |
| 7½% New Zealand 71/86 | 99.25 | 7.56 | 8.02 | 2.20 | 1. 5.77—86D |
| 7% New Zealand 72/87 | 97.75 | 7.16 | 8.03 | 2.42 | 1. 2.78—87D |
| 7½% New Zealand 76/83 | 99.00 | 7.58 | 9.19 | 0.58 | 1. 3.83 |
| 7¾% New Zealand 76/86 | 99.65 | 7.78 | 7.90 | 2.17 | 1.11.83—86D |
| 6¼% New Zealand 77/84 | 97.40 | 6.42 | 7.87 | 1.75 | 1. 5.84 |
| 5¼% New Zealand 78/86 | 90.75 | 5.79 | 8.32 | 3.59 | 1. 3.86 |
| 6% New Zealand 79/86 PP | 92.00 | 6.52 | 8.73 | 3.50 | 1. 2.86 |
| 6¼% New Zealand 79/87 | 93.25 | 6.70 | 8.11 | 4.42 | 1. 1.87 |
| 7⅛% New Zealand 79/87 | 94.75 | 7.52 | 8.42 | 5.12 | 15. 9.87 |
| 8¼% New Zealand 79/84 PP | 99.00 | 8.33 | 8.70 | 2.33 | 1.12.84 |
| 7⅞% New Zealand 80/88 | 98.25 | 8.02 | 8.26 | 5.96 | 15. 7.88 |
| 9¾% New Zealand 81/89 | 103.90 | 9.38 | 8.98 | 7.33 | 1.12.89 |
| 9¼% New Zealand 82/87 | 103.25 | 8.96 | 8.44 | 5.04 | 15. 7.87 |
| 6¾% Nippon Housing Loan 79/84 PP | 94.00 | 7.18 | 10.56 | 1.79 | 16. 5.84 |
| 6½% Nippon Kokan 79/84 | 95.75 | 6.79 | 9.33 | 1.67 | 1. 4.64 |
| 5¾% Nippon Steel 78/85 | 91.75 | 6.27 | 8.92 | 3.09 | 1. 9.85 |
| 7¾% Nippon T + T 76/83 (G) | 98.85 | 7.84 | 8.79 | 1.17 | 1.10.83 |
| 5½% Nippon T + T 79/87 (G) | 89.90 | 6.12 | 8.26 | 4.50 | 1. 2.87 |
| 5¾% Norcem 78/85 | 91.00 | 6.32 | 9.83 | 2.58 | 1. 3.85 |
| 7½% Norcem 78/86 PP | 92.65 | 8.09 | 9.76 | 4.08 | 1. 9.86 |
| 5% Norddt. LB Int'l. 78/84 PP | 94.75 | 5.28 | 8.65 | 1.50 | 1. 2.84 |
| 6¼% Nordic Inv. Bank 79/86 | 90.75 | 6.89 | 9.52 | 3.42 | 1. 1.86 |
| 8½% Norges Komm. Bank 70/85 (G) | 100.50 | 8.46 | 8.40 | 3.14 | 1.10.76—85S |
| 7% Norges Komm. Bank 77/89 (G) | 95.50 | 7.33 | 7.88 | 6.67 | 1. 4.80—89S |
| 6% Norges Komm. Bank 77/89 I (G) | 90.25 | 6.65 | 7.79 | 7.29 | 16.10.80—89S |
| 6% Norges Komm. Bank 77/89 II (G) | 90.25 | 6.65 | 7.77 | 7.42 | 1.12.80—89S |
| 6% Norges Komm. Bank 78/90 (G) | 89.50 | 6.70 | 7.81 | 8.00 | 1. 8.81—90S |
| 6¼% Norges Komm. Bank 79/89 (G) | 90.30 | 6.92 | 8.24 | 6.42 | 1. 1.84—89S |
| 7½% Norges Komm. Bank 79/89 PP (G) | 94.00 | 7.95 | 8.54 | 7.04 | 16. 8.84—89S |
| 7¾% Norges Komm. Bank 79/91 (G) | 94.50 | 8.20 | 8.60 | 8.92 | 1. 7.84—91S |
| 8¼% Norges Komm. Bank 79/94 (G) | 95.80 | 8.61 | 8.81 | 12.37 | 16.12.85—94S |
| 8½% Norpipe 76/84 | 100.00 | 8.50 | 8.44 | 1.50 | 1. 2.80—84S |
| 8% Norpipe 76/88 | 97.75 | 8.18 | 8.49 | 5.83 | 1. 6.83—88S |
| 6% Norpipe 77/89 | 85.85 | 6.99 | 8.70 | 7.25 | 1.11.84—89S |
| 7¼% Norsea Gas 76/88 | 93.90 | 7.72 | 8.52 | 6.33 | 1.12.83—88S |
| 7% Norsea Gas 77/89 | 90.75 | 7.71 | 8.84 | 6.92 | 1. 7.84—89S |
| 9% Norsk Hydro 75/87 | 100.25 | 8.98 | 8.84 | 2.50 | 1. 3.80—87D |
| 8% Norsk Hydro 76/88 | 97.65 | 8.19 | 8.52 | 5.67 | 1. 4.83—88S |
| 6¾% Norsk Hydro 77/89 | 92.90 | 7.27 | 8.14 | 6.83 | 1. 6.82—89S |
| 8½% Norsk Hydro 82/92 | 98.50 | 8.63 | 8.73 | 9.92 | 1. 6.88—92S |
| 4¾% Norway 78/83 | 98.35 | 4.83 | 8.83 | 0.42 | 1. 1.83 |
| 4½% Norway 78/83 | 97.30 | 4.50 | 8.65 | 0.67 | 1. 4.83 |
| 6¼% Norway 79/84 | 97.75 | 6.39 | 7.71 | 1.67 | 1. 4.84 |
| 7½% Norway 80/85 | 99.40 | 7.55 | 7.75 | 2.46 | 15. 1.85 |
| 7¼% Norw. Mortgage 77/87 | 95.00 | 7.63 | 9.41 | 2.70 | 16. 5.83—87D |
| 6% Norw. Mortgage 77/89 | 89.75 | 6.69 | 9.44 | 3.64 | 16.11.82—89D |
| 7¾% Nova Scotia 71/86 | 97.50 | 7.95 | 9.20 | 2.25 | 1.12.77—86D |
| 7% Nova Scot. Power 72/87 | 96.00 | 7.29 | 7.93 | 5.33 | 1.12.78—87S |
| 9¾% Nuclebras 80/88 (G) | 92.75 | 10.51 | 11.45 | 6.12 | 16. 9.88 |
| 6¾% Occident. Int. Fin. 78/90 | 81.50 | 8.28 | 10.13 | 8.33 | 1.12.85—90S |
| 6½% Occident. Overs. 68/83 | 97.60 | 6.66 | 8.68 | 1.17 | 1.10.72—83S |
| 6% Oester. Donaukr. 69/84 (G) | 96.25 | 6.23 | 10.34 | 0.99 | 1. 2.65—84D |
| 6¾% Oester. Donaukr. 73/88 (G) | 95.50 | 7.07 | 7.76 | 5.58 | 1. 3.79—88S |
| 8¾% Oester. Draukr. 75/85 (G) | 100.75 | 8.68 | 8.16 | 1.56 | 1. 3.81—85D |
| 7% Oest. El. Wirtsch. 67/87 (G) | 95.25 | 7.35 | 9.46 | 2.41 | 1. 2.73—87D |
| 7% Oest. El. Wirtsch. 76/83 PP (G) | 96.55 | 7.25 | 9.74 | 1.37 | 16.12.83 |
| 5½% Oest. Ind. Verwaltung 78/85 PP (G) | 90.00 | 6.11 | 9.58 | 2.92 | 1. 7.85 |
| 6¾% Oest. Inv. Kredit. 79/84 PP | 99.00 | 6.94 | 7.35 | 2.25 | 1.11.84 |
| 7% Oest. Kontrollbank 76/83 PP (G) | 96.25 | 7.27 | 10.08 | 1.33 | 1.12.83 |
| 6¾% Oest. Kontrollbank 77/84 PP (G) | 95.50 | 7.07 | 10.07 | 1.50 | 1. 2.84 |
| 6½% Oest. Kontrollbank 77/84 PP (G) | 94.25 | 6.90 | 9.93 | 1.92 | 1. 7.84 |
| 6¼% Oest. Kontrollbank 77/84 PP (G) | 93.50 | 6.68 | 9.39 | 2.00 | 1. 8.84 |
| 6% Oest. Kontrollbank 77/85 PP (G) | 89.50 | 6.70 | 9.92 | 3.25 | 1.11.85 |
| 5¾% Oest. Kontrollbank 78/84 PP (G) | 92.75 | 6.20 | 9.92 | 2.00 | 1. 8.84 |
| 6½% Oest. Kontrollbank 78/88 (G) | 87.25 | 7.45 | 9.22 | 6.37 | 16.12.84 |
| 6% Oest. Kontrollbank 79/87 PP (G) | 86.75 | 6.92 | 9.76 | 4.50 | 1. 2.87 |
| 7⅜% Oest. Kontrollbank 79/89 | 90.00 | 8.19 | 9.24 | 7.17 | 1.10.89 |
| 8% Oest. Kontrollbank 79/84 PP (G) | 97.00 | 8.25 | 9.45 | 2.33 | 1.12.84 |
| 7⅞% Oest. Kontrollbank 79/86 PP (G) | 94.00 | 8.38 | 9.59 | 4.37 | 16.12.86 |
| 8% Oest. Kontrollbank 80/87 (G) | 96.50 | 8.29 | 8.95 | 4.50 | 1. 2.87 |
| 8¾% Oest. Kontrollbank 80/85 PP (G) | 99.00 | 8.84 | 9.16 | 2.62 | 15. 3.85 |
| 8½% Oest. Kontrollbank 80/88 (G) | 98.00 | 8.67 | 8.92 | 6.25 | 1.11.88 |
| 9% Oest. Kontrollbank 80/87 PP | 99.50 | 9.05 | 9.12 | 4.79 | 15. 5.87 |
| 8¼% Oest. Kontrollbank 80/92 | 94.50 | 8.73 | 9.11 | 9.92 | 1. 7.92 |
| 7¾% Oest. Kontrollbank 80/88 PP (G) | 91.75 | 8.45 | 9.60 | 6.08 | 1. 9.88 |
| 10⅛% Oest. Kontrollbank 81/91 | 102.90 | 9.84 | 9.62 | 9.25 | 1.11.91 |
| 9% Oest. Korollbank 82/89 PP | 98.75 | 9.11 | 9.25 | 7.04 | 16. 7.89 |
| 9¼% Oest. Kontrollbank 82/92 (G) | 100.15 | 9.24 | 9.21 | 9.71 | 18. 4.92 |
| 5½% Oest. Länderbank 77/82 | 99.00 | 5.56 | 8.51 | 0.33 | 1.12.82 |
| 6½% Ontario 69/84 | 98.00 | 6.63 | 8.84 | 0.99 | 1. 2.75—84D |
| 6% Ontario 72/87 | 92.00 | 6.52 | 9.17 | 3.00 | 1. 9.80—87D |
| 7½% Ontario Hydro 71/86 | 97.00 | 7.73 | 9.00 | 2.25 | 1.12.77—86D |
| 6½% Ontario Hydro 72/87 | 93.75 | 6.93 | 9.16 | 2.75 | 1. 6.80—87D |
| 6½% Ontario Hydro 73/88 | 92.50 | 7.03 | 9.50 | 2.95 | 1. 3.81—88D |
| 7½% Oslo 69/84 | 100.00 | 7.50 | 7.63 | 1.74 | 1.11.77—84D |
| 7½% Oslo 71/87 | 99.75 | 7.52 | 7.71 | 4.42 | 2. 1.78—87S |
| 6¾% Oslo 73/90 | 94.00 | 7.18 | 7.79 | 7.92 | 1. 7.76—90S |
| 9% Oslo 75/87 | 101.50 | 8.87 | 8.32 | 2.68 | 1. 2.78—87S |
| 8¾% Oslo 80/90 | 98.50 | 8.89 | 9.01 | 7.58 | 1. 3.83—90S |
| 6¼% Papua 73/88 | 98.00 | 6.89 | 7.17 | 5.92 | 1. 7.78—88S |
| 6¾% Parker-Hannifin 77/87 PP | 90.00 | 7.50 | 9.39 | 4.03 | 1. 6.83—87D |
| 7½% Parker-Hannifin 79/87 PP | 90.50 | 8.29 | 10.03 | 4.92 | 1. 7.85—87D |
| 8¾% Pemex 76/83 | 95.30 | 9.18 | 12.70 | 1.33 | 1.12.83 |
| 7% Pemex 77/84 | 89.95 | 7.78 | 12.78 | 2.08 | 1. 9.84 |
| 7% Pemex 78/86 | 83.40 | 8.39 | 13.32 | 3.42 | 1. 1.86 |
| 11% Pemex 82/90 | 96.65 | 11.38 | 11.66 | 7.50 | 1. 2.90 |
| 7% Petrobras 77/84 | 89.60 | 7.81 | 12.76 | 2.17 | 1.10.84 |
| 7% Petrobras 78/88 | 79.50 | 8.81 | 13.96 | 4.04 | 1.10.84—88D |
| 7% Petrobras 78/88 | 81.45 | 9.82 | 13.25 | 5.04 | 1.10.85—88D |
| 7¼% Philippine 77/84 | 92.40 | 7.85 | 11.22 | 2.25 | 1.11.84 |
| 6¾% Philippine 78/85 | 89.25 | 7.56 | 11.63 | 2.67 | 1. 4.85 |
| 8¼% Philip Morris Int. 82/90 | 101.00 | 8.17 | 8.07 | 7.83 | 1. 6.90 |
| 9½% Philip Morris Int. 82/92 | 103.50 | 9.18 | 8.76 | 6.58 | 1. 2.92 |
| 8½% Philips 82/92 | 99.00 | 8.59 | 8.65 | 9.96 | 15. 6.92 |
| 5¾% PK-Banken 78/88 | 86.75 | 6.63 | 10.26 | 3.65 | 1. 5.84—88D |
| 6⅛% Postipankki 79/85 PP | 96.00 | 6.38 | 9.10 | 1.47 | 1. 2.83—85D |
| 7¼% Privatbk. Copenh. 77/83 PP | 98.00 | 7.40 | 10.38 | 0.67 | 1. 4.83 |
| 6¼% Pyhrn Autobahn 77/89 (G) | 87.75 | 7.12 | 9.77 | 4.45 | 1. 9.84—89D |
| 6½% Quebec 72/87 | 92.75 | 7.01 | 9.54 | 2.83 | 1. 7.78—87D |
| 7½% Quebec 77/87 | 95.10 | 7.89 | 8.84 | 4.50 | 1. 2.87 |
| 7¼% Quebec 77/87 | 93.85 | 7.73 | 8.86 | 4.83 | 1. 6.87 |
| 6% Quebec 78/90 | 85.75 | 7.00 | 9.65 | 5.12 | 1. 5.85—90D |
| 10¾% Quebec 81/91 | 105.60 | 10.18 | 9.78 | 9.08 | 1. 3.91 |
| 10⅛% Quebec 82/92 | 102.70 | 9.86 | 9.66 | 9.54 | 15.12.92 |
| 6¾% Quebec Hydro El 69/84 | 98.50 | 6.85 | 7.98 | 1.50 | 1. 2.75—84S |
| 7¼% Quebec Hydro El 69/84 | 98.00 | 7.40 | 8.82 | 1.57 | 1. 9.75—84D |
| 8% Quebec Hydro El 71/86 | 99.50 | 8.04 | 8.39 | 2.53 | 1. 9.77—86D |
| 6½% Quebec Hydro El 72/87 | 92.75 | 7.01 | 9.79 | 2.57 | 1. 4.79—87D |
| 6½% Quebec Hydro El 73/88 | 92.25 | 7.05 | 9.61 | 2.95 | 1. 3.79—88D |
| 6½% Quebec Hydro El 77/87 | 89.40 | 7.27 | 9.22 | 5.04 | 16. 8.87P |
| 6¼% Quebec Hydro El 77/87 | 87.15 | 7.17 | 9.41 | 5.33 | 1.12.87P |
| 10¼% Quebec Hydro El 81/91 | 103.00 | 9.95 | 9.73 | 9.33 | 1.12.91 |
| 8½% Queensland Alu 70/85 | 99.00 | 8.59 | 9.05 | 3.25 | 1.11.70—85S |
| 5¾% Rautaruukki 78/88 (G) | 86.10 | 6.65 | 10.61 | 3.57 | 1. 4.84—88D |
| 7¼% Reed Paper 73/88 | 92.75 | 7.82 | 8.98 | 5.42 | 1. 1.79—88S |
| 7½% Renault 80/85 PP | 93.50 | 8.02 | 10.04 | 3.08 | 1. 9.55 |
| 10¾% Renault 81/86 PP | 104.00 | 10.34 | 9.47 | 3.92 | 1. 7.86 |

## WestLB Euro-Deutschmarkbond Yield Index

**July 31, 1982: 9.54%** **(June 30 1982: 9.67%)**

| | | | | | |
|---|---|---|---|---|---|
| 8% Renfe 77/84 (G) | 98.25 | 8.14 | 9.13 | 1.67 | 1. 4.84 |
| 7% Renfe 79/87 (G) | 87.50 | 8.00 | 10.41 | 4.83 | 1. 6.87 |
| 10% Renfe 82/92 | 100.00 | 10.00 | 9.99 | 9.87 | 16. 5.92 |
| 9% Rep. Chile 80/86 | 93.50 | 9.63 | 11.10 | 4.00 | 1. 8.86 |
| 5¼% Ricoh Comp. 78/83 | 96.00 | 5.47 | 9.64 | 1.00 | 1. 8.83 |
| 7¾% Roy Bk. of Canada 80/90 | 94.85 | 8.17 | 8.67 | 8.00 | 1. 8.90 |
| 6¾% Roy Lease 79/84 PP | 95.00 | 7.11 | 9.39 | 2.17 | 1.10.84 |
| 7¾% SAAB 71/86 | 99.00 | 7.83 | 8.22 | 3.83 | 1. 6.77—86S |
| 7½% Saga Petrokjemi 77/87 PP | 93.50 | 8.02 | 9.20 | 4.92 | 1. 7.83—87S |
| 7½% Sandvik 72/87 | 96.00 | 7.81 | 8.39 | 2.41 | 1. 2.78—87D |
| 9¼% Sandvik 75/83 | 100.00 | 9.25 | 9.04 | 0.50 | 1. 2.83 |
| 7% Sanko Steamship 77/84 | 96.75 | 7.24 | 9.30 | 1.50 | 1. 2.84 |
| 8¼% Seiyu Stores 80/86 | 95.75 | 8.62 | 9.68 | 3.58 | 1. 3.86 |
| 6½% Shell Int'l. 72/87 | 98.15 | 6.62 | 6.97 | 4.67 | 1. 4.78—87S |
| 6¾% Shell Int'l. 77/89 | 94.60 | 7.14 | 8.24 | 4.42 | 1. 2.85—89D |
| 6½% Singapore 77/83 | 97.85 | 6.64 | 9.53 | 0.75 | 1. 5.83 |
| 8½% Sira Kvina 70/85 | 98.75 | 8.61 | 9.47 | 1.30 | 1. 6.76—85D |
| 6½% S.N.C.F. 68/83 (G) | 98.30 | 6.61 | 5.05 | 1.17 | 1.10.72—83S |
| 8⅝% S.N.C.F. 82/92 (G) | 96.25 | 8.96 | 9.27 | 9.87 | 15. 5.80—92S |
| 7½% Soc. Dev. Reg. 76/86 (G) | 95.50 | 7.62 | 9.45 | 2.40 | 1. 4.80—86D |
| 6¼% Soc. Dev. Reg. 77/92 PP (G) | 84.00 | 7.44 | 10.19 | 5.48 | 15.12.83—92D |
| 9% Soc. Mar. Fina 75/83 PP | 99.00 | 9.09 | 10.33 | 0.75 | 1. 5.79—83D |
| 6¼% Sorrente 79/84 PP | 92.50 | 6.76 | 12.09 | 1.46 | 16. 1.84 |
| 6¾% South-Africa 69/84 | 99.50 | 6.78 | 7.19 | 1.67 | 1. 4.73—84S |
| 8½% South-Africa 70/85 | 99.50 | 8.54 | 8.86 | 3.25 | 1.11.75—85S |
| 7¾% South-Africa 71/86 | 97.50 | 7.95 | 8.64 | 4.25 | 1.11.77—86S |
| 7% South-Africa 72/87 | 91.00 | 7.69 | 9.22 | 5.25 | 1.11.78—87S |
| 9% South-Africa 80/87 | 97.60 | 9.22 | 9.83 | 4.92 | 1. 7.87 |
| 8% South-Afr. Oil Fund 79/83 PP (G) | 95.75 | 8.38 | 11.78 | 1.25 | 1.11.83 |

# Quotations (Continued)

| Issue | Middle Price | Current Yield | Yield to Maturity* | Life* | Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund |
|---|---|---|---|---|---|
| 7¾% South-Afr. Oil Fund 79/84 PP (G) | 95.50 | 8.12 | 10.93 | 1.58 | 1. 3.84 |
| 7½% South-Afr. Railway 73/88 (G) | 91.25 | 8.22 | 9.51 | 5.83 | 1. 6.79—88S |
| 8% South-Afr. Railway 78/83 I PP (G) | 97.25 | 8.23 | 11.29 | 0.92 | 1. 7.83 |
| 8% South-Afr. Railway 78/83 II PP (G) | 97.50 | 8.21 | 10.53 | 1.08 | 1. 9.83 |
| 7¾% South-Afr. Railway 78/83 PP (G) | 95.00 | 8.16 | 11.94 | 1.33 | 1.12.83 |
| 7% South Scot. El. 73/88 (G) | 92.75 | 7.55 | 8.70 | 5.50 | 1. 2.79—88S |
| 9% SHU 82/90 | 95.25 | 9.45 | 9.89 | 8.00 | 1. 7.90 |
| 6¾% Spain 77/84 | 95.50 | 7.07 | 9.32 | 2.00 | 1. 8.84 |
| 6% Spain 78/88 | 86.30 | 6.95 | 9.16 | 5.75 | 1. 5.88 |
| 6% Sparbank Oslo 78/90 PP | 87.50 | 6.86 | 9.83 | 4.05 | 16. 5.81—90D |
| 6½% Stand. Chart. Bank 78/88 | 88.80 | 7.32 | 9.20 | 5.42 | 1. 1.88 |
| 6% Statoil 78/88 (G) | 89.15 | 6.73 | 8.34 | 6.08 | 1. 9.84—88S |
| 6½% Statoil 79/89 (G) | 89.45 | 7.27 | 8.66 | 6.58 | 1. 2.86—89S |
| 7% Statsfoertag 77/85 | 95.80 | 7.31 | 10.00 | 1.55 | 1. 3.82—85D |
| 8¾% Stockholm County 75/87 | 98.00 | 8.93 | 9.62 | 2.57 | 1. 4.79—87D |
| 7½% Sun Oil Int. Fin. 73/88 | 96.25 | 7.79 | 8.32 | 6.00 | 1. 8.79—88S |
| 7¾% Svenska Cell 73/88 | 93.00 | 7.80 | 8.90 | 5.50 | 1. 2.79—88S |
| 10¼% Svenska Hdl. Bk. 81/87 | 100.50 | 10.20 | 10.10 | 5.22 | 20.10.87 |
| 6½% Sveriges Inv. Bk. 72/87 | 94.75 | 7.12 | 8.15 | 4.58 | 1. 3.78—87S |
| 7% Sveriges Inv. Bk. 73/88 | 93.25 | 7.51 | 8.55 | 5.58 | 1. 3.79—88S |
| 8½% Sveriges Inv. Bk. 75/83 | 99.75 | 8.52 | 8.76 | 0.83 | 1. 6.80—83S |
| 6½% Sweden 77/84 | 96.10 | 6.76 | 8.97 | 1.75 | 1. 5.84 |
| 6% Sweden 77/89 | 85.00 | 7.06 | 8.66 | 7.33 | 1.12.83—89S |
| 7¾% Sweden 79/89 | 92.75 | 8.36 | 9.21 | 6.92 | 1. 7.89 |
| 7½% Sweden 79/89 PP | 89.00 | 8.43 | 9.74 | 7.00 | 1. 8.89 |
| 8% Sweden 80/87 PP | 94.50 | 8.47 | 9.52 | 4.54 | 16. 2.87 |
| 9¾% Sweden 80/87 | 102.25 | 9.54 | 9.11 | 4.67 | 1. 4.87 |
| 9% Sweden 80/87 PP | 99.25 | 9.07 | 9.18 | 4.79 | 15. 5.87 |
| 9¼% Sweden 80/87 PP | 99.00 | 9.34 | 9.48 | 5.25 | 1.11.87 |
| 7⅞% Sweden 80/90 | 90.75 | 8.68 | 9.56 | 8.08 | 1. 9.90 |
| 9¾% Sweden 82/88 | 102.00 | 9.56 | 9.25 | 5.62 | 15. 3.88 |
| 8⅞% Sweden 82/92 PP | 97.50 | 9.10 | 9.38 | 6.83 | 1. 6.89 |
| 9¾% Sweden 82/92 | 100.90 | 9.66 | 9.59 | 9.62 | 15. 3.92 |
| 9½% Swedish Export 80/87 | 98.75 | 9.62 | 9.79 | 5.33 | 1.12.84—87S |
| 10¼% Swedish Export 81/91 | 101.90 | 10.06 | 9.87 | 7.69 | 1.11.88—91 |
| 9% Tauernautobahn 75/83 PP (G) | 99.65 | 9.03 | 9.46 | 0.58 | 1. 3.83 |
| 5½% Tauernautobahn 78/93 (G) | 80.50 | 6.83 | 8.32 | 10.67 | 1. 4.84—93S |
| 8½% Tauernautobahn 80/90 (G) PP | 94.25 | 9.02 | 9.53 | 8.21 | 16.10.90 |
| 7% Tauernkraftwerke 68/83 (G) | 98.50 | 7.11 | 10.41 | 0.50 | 1. 2.74—83D |
| 6½% Tauernkraftwerke 68/83 (G) | 99.65 | 6.52 | 9.65 | 1.08 | 1. 9.74—83S |
| 10½% Telefonica 82/92 | 100.75 | 10.42 | 10.35 | 9.67 | 1. 3.92 |
| 9% Tenneco 82/92 | 98.50 | 9.74 | 9.24 | 10.00 | 1. 7.92 |
| 8% Tenpfinco 73/93 | 93.00 | 8.60 | 9.01 | 11.25 | 1.11.82—93S |
| 6¼% Thailand 78/83 PP | 96.25 | 6.49 | 12.32 | 0.67 | 1. 4.83 |
| 7¾% Tokyo El. Power 69/84 | 98.50 | 7.36 | 8.65 | 1.31 | 1.12.75—84D |
| 6½% Tokyo El. Power 79/85 | 94.65 | 6.87 | 8.75 | 2.75 | 1. 5.85 |
| 5½% Toyo Rubber 78/83 PP | 94.00 | 5.85 | 11.23 | 1.17 | 1.10.83 |
| 6½% Traf. House Fin. 72/87 | 92.75 | 7.01 | 8.27 | 5.17 | 1.10.78—87S |
| 6% Trinidad & Tobago 78/83 | 96.75 | 6.20 | 11.21 | 0.67 | 1. 4.83 |
| 6¾% Trondheim 68/83 | 96.65 | 6.98 | 9.54 | 1.42 | 1.12.72—83S |
| 5¾% Trondheim 76/88 | 87.00 | 6.61 | 9.31 | 4.64 | 1. 4.86—88D |
| 7½% TRW Int. Fin. 69/84 | 98.25 | 7.63 | 8.57 | 2.17 | 1.10.75—84S |
| 6% TVO Power 78/88 (G) | 85.00 | 7.06 | 9.62 | 5.50 | 1. 2.84—88S |
| 5¾% UDS Group 78/83 | 95.50 | 6.02 | 10.33 | 1.08 | 1. 9.83 |
| 8½% Unilever 75/87 | 102.25 | 8.31 | 7.58 | 2.90 | 1. 5.81—87S |
| 6½% Union Bank Finland 78/88 | 85.50 | 7.60 | 9.63 | 6.37 | 16.12.84—88S |
| 5¾% Uniroyal 78/84 PP | 90.00 | 6.39 | 11.64 | 2.00 | 1. 8.84 |
| 7% Venezuela 68/83 | 98.25 | 7.12 | 8.78 | 1.17 | 1.10.74—83S |
| 6% Venezuela 78/88 | 76.25 | 7.87 | 12.07 | 5.58 | 1. 3.84—88S |
| 6½% Venezuela 78/90 | 72.50 | 8.97 | 11.90 | 8.25 | 1.11.85—90S |
| 9¾% Venezuela 80/90 | 93.50 | 10.43 | 10.97 | 8.25 | 1.11.86—90 |
| 11½% Venezuela 81/91 | 100.75 | 77.47 | 77.34 | 9.42 | 1.12.91 |
| 8¼% Vienna 75/84 | 101.25 | 8.15 | 7.33 | 1.49 | 1. 8.79—84D |
| 5¾% Vienna 77/84 PP | 92.50 | 6.22 | 9.39 | 2.37 | 15.12.84 |
| 8½% Voest-Alpine 73/88 | 96.20 | 8.84 | 9.33 | 6.17 | 1.10.79—88S |
| 8½% Voest-Alpine 75/85 | 98.25 | 8.65 | 9.57 | 1.80 | 1. 6.81—85D |
| 6¾% Voest-Alpine 77/89 | 88.90 | 7.59 | 10.11 | 4.19 | 1. 6.84—89D |
| 6½% Wells-Fargo ex w. 73/88 | 88.00 | 7.39 | 9.09 | 6.25 | 1.11.79—88S |
| 8¾% Westland-Utrecht 80/85 PP | 94.25 | 9.28 | 11.39 | 2.58 | 1. 3.85 |
| 9% Westland-Utrecht 80/87 PP | 91.75 | 9.81 | 11.14 | 5.25 | 1.11.87 |
| 5½% Worldbank 65/85 | 99.50 | 6.53 | 5.78 | 2.67 | 1. 4.71—85S |
| 6½% Worldbank 68/84 PP | 97.00 | 6.70 | 10.02 | 0.91 | 2. 1.77—84D |
| 6½% Worldbank 68/84 | 97.35 | 6.68 | 8.84 | 1.32 | 1. 6.75—84D |
| 6½% Worldbank 69/84 PP | 97.25 | 6.68 | 9.71 | 0.91 | 2. 1.77—84D |
| 6% Worldbank 69/84 PP | 95.80 | 6.26 | 9.97 | 1.15 | 1. 4.77—84D |
| 8% Worldbank 70/86 | 100.25 | 7.98 | 7.81 | 1.87 | 1. 1.77—86D |
| 7½% Worldbank 71/86 I | 96.25 | 7.79 | 9.38 | 2.28 | 1. 6.77—86D |
| 7½% Worldbank 71/86 II | 96.10 | 7.80 | 9.47 | 2.24 | 1.12.77—86D |
| 6¾% Worldbank 72/87 | 94.25 | 7.16 | 9.41 | 2.49 | 1. 3.78—87D |
| 6¾% Worldbank 73/83 | 98.75 | 6.84 | 9.26 | 0.50 | 1. 2.83 |
| 6½% Worldbank 73/88 | 91.75 | 6.95 | 9.54 | 3.12 | 1. 5.79—88D |
| 8% Worldbank 75/82 | 99.60 | 8.03 | 9.03 | 0.33 | 1.12.82 |
| 8¼% Worldbank 75/83 | 100.00 | 8.25 | 8.22 | 0.92 | 1. 7.83 |
| 7¾% Worldbank 76/82 PP | 99.75 | 7.77 | 9.03 | 0.17 | due 1.10.82 |
| 7½% Worldbank 76/83 | 98.90 | 7.58 | 9.00 | 0.75 | 1. 5.83 |
| 7¾% Worldbank 76/83 | 98.90 | 7.84 | 8.74 | 1.17 | 1.10.83 |
| 6¾% Worldbank 76/83 PP | 96.50 | 6.99 | 9.61 | 1.33 | 1.12.83 |
| 8% Worldbank 76/84 | 99.75 | 8.02 | 8.13 | 1.50 | 1. 2.84 |
| 7% Worldbank 77/85 PP | 94.00 | 7.45 | 9.70 | 2.58 | 1. 3.85 |
| 6½% Worldbank 77/85 PP | 92.75 | 7.01 | 9.60 | 2.75 | 1. 5.85 |
| 6% Worldbank 77/85 | 92.60 | 6.48 | 8.80 | 3.12 | 15. 9.85 |
| 7% Worldbank 77/87 | 93.15 | 7.51 | 8.92 | 4.42 | 1. 1.87 |
| 6½% Worldbank 77/87 | 90.90 | 7.15 | 8.92 | 4.75 | 1. 5.87 |
| 5¾% Worldbank 78/84 | 94.85 | 6.06 | 8.66 | 2.00 | 1. 8.84 |
| 6% Worldbank 78/88 | 86.00 | 6.98 | 9.13 | 6.00 | 1. 8.88 |
| 6¼% Worldbank 78/88 | 86.75 | 7.20 | 9.08 | 6.33 | 1.12.88 |
| 5¾% Worldbank 78/90 | 84.20 | 6.83 | 9.32 | 5.94 | 1. 2.87—90D |
| 7% Worldbank 79/85 PP | 95.00 | 7.37 | 8.97 | 3.00 | 1. 8.85 |
| 7⅜% Worldbank 79/87 PP | 90.75 | 7.85 | 9.54 | 5.00 | 1. 8.87 |
| 7¾% Worldbank 79/91 | 91.50 | 8.47 | 9.18 | 8.92 | 1. 7.91 |
| 10% Worldbank 80/86 | 104.75 | 9.55 | 8.45 | 3.75 | 1. 5.86 |
| 8½% Worldbank 80/88 PP | 96.50 | 8.81 | 9.29 | 5.92 | 1. 6.88 |
| 9% Worldbank 80/88 PP | 99.00 | 9.09 | 9.21 | 6.75 | 1. 5.88 |
| 7⅞% Worldbank 80/90 | 92.90 | 8.48 | 9.22 | 7.42 | 1. 1.90 |
| 7⅞% Worldbank 80/90 II PP | 91.00 | 8.65 | 9.61 | 7.42 | 1. 1.90 |
| 10% Worldbank 80/90 | 107.00 | 9.35 | 8.71 | 7.75 | 1. 5.90 |
| 8% Worldbank 80/90 | 93.45 | 8.56 | 9.19 | 8.00 | 1. 8.90 |
| 7¾% Worldbank 80/88 PP | 92.00 | 8.42 | 9.56 | 6.00 | 1. 8.88 |
| 9¼% Worldbank 81/91 | 99.75 | 9.27 | 9.28 | 8.42 | 1. 1.91 |
| 10% Worldbank 81/91 | 104.25 | 9.59 | 9.26 | 8.75 | 1. 5.91 |
| 10½% Worldbank 81/91 | 105.90 | 9.92 | 9.50 | 9.00 | 1. 8.91 |
| 11% Worldbank 81/91 | 107.00 | 10.28 | 9.79 | 9.08 | 1. 9.91 |
| 10% Worldbank 81/91 II | 102.80 | 9.73 | 9.52 | 9.33 | 1.12.91 |
| 9½% Worldbank 82/89 | 96.00 | 8.85 | 9.13 | 9.75 | 1. 4.89 |
| 8½% Worldbank 82/92 | 102.40 | 9.28 | 8.99 | 6.67 | 1. 5.92 |
| 9½% Worldbank 82/92 | 100.75 | 9.43 | 9.39 | 10.08 | 1. 8.92 |
| 6¾% Yokohama 68/83 (G) | 99.50 | 6.78 | 7.36 | 1.08 | 1. 9.72—83S |
| 7% Yokohama 69/84 (G) | 99.50 | 7.04 | 7.38 | 2.16 | 30. 9.73—84S |
| 8% Yokohama 71/86 (G) | 100.00 | 8.00 | 8.00 | 4.00 | 1. 8.77—86S |
| 8% Yugosl. Inv. Bank 77/84 PP | 91.50 | 8.75 | 12.29 | 2.37 | 15.12.79—84S |

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## Quotations & Yields as at 30th July, 1982

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**BANQUE GENERALE Du LUXEMBOURG**

| Funds 30/7/82 | Price | First Issue Price | Yield % | Div. Date |
|---|---|---|---|---|
| Rentinvest | LuxFr 1007 | LuxFr 1000 | 9.05 | 20/11/82 (F84) |
| Capital Rentinvest | LuxFr 2209 | LuxFr 1000 | (Capitalisation) | |

| | 1/8/81 High | 31/7/82 Low | 1/8/79 High | 31/7/82 Low |
|---|---|---|---|---|
| Rentinvest | LuxFr 1057 | LuxFr 812 | LuxFr 1057 | LuxFr 727 |
| Capital Rentinvest | LuxFr 2322 | LuxFr 1697 | LuxFr 2322 | LuxFr 1321 |

# EUROBONDS

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| 35 / 35.0 | 1972 / 100.00 | J.C. PENNEY INT FIN 4.50 1/8/1987 | [illegible] | [illegible] | [illegible] |
| 23 / 12.0 | 1969 / 100.00 | J.C. PENNEY FINANCE 6.00 1/12/1989 | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

# THE ARTS

Leonard Burt

Children and dolls at the Bethnal Green Museum

## Museums

**Gillian Darley**

# Bethnal Green treasure trove stays open

As this piece changes, I am relieved to say, from a plea for survival into a celebration, it is hard not to be a little sceptical. Did the Rayner Report which suggested the demise of the Bethnal Green Museum (and, for that matter, that of the as yet unborn Theatre Museum as well) seriously intend that the museum should go? Or was it, perhaps, an official attempt at crying wolf?

Now, after the reprieve, it matters little. Probably the publicity that the proposals attracted have sent a considerable number of visitors to Bethnal Green who had never even suspected the existence of the museum — not to mention the many other people who now plan to visit it, sometime. But it is, of course, as a local museum, as well as an outstation (oddly colonial phrase) of the Victoria and Albert Museum, that this one succeeds so magnificently.

Anybody who has witnessed the delight, often unruly but always genuine, of the hordes of school children who go to the Bethnal Green Museum because it is not only of childhood but for childhood, would have gone to considerable lengths to prevent closure of this valuable asset in a stinted corner of London.

The children who visit are not, perhaps, that impressed by the fine, three-aisled, cast iron shed in which the museum was opened, in 1875. The structure, originally for the first South Kensington Museum (parent of the V and A), was a very early example of the purpose-built museum: the neighbouring Geffrye Museum is precisely the opposite—a series of 18th century almshouses converted to museum use this century. (The two museums make a complementary pair for a day spent in that north eastern corner of the city.) The soaring, airy structure at Bethnal Green is a perfect shed in which to show the tiered galleries of exhibits—each section (basement apart) is in view of the rest which gives the museum a coherence lacking in the V and A itself, where the bulk of the building tends to intrude.

> ‘Much of the collection is connected with childhood and the museum is designed accordingly — with gaiety, lack of pedantry and bright colours’

Much of the Bethnal Green collection is connected with childhood and it has been designed accordingly—gaiety and lack of pendantry are the principles, bright colours and clear explanations their expression. But although many of the objects are toys, models and the contents of the playroom (past and present) others have their own fascination.

My obsession remains the doll's house collection. Here it is possible to glean more information on domestic arrangements, of the 18th or the 20th century as the case may be, than in many an architectural tome which conveniently neglects the important questions of who did what, where, in the house.

If I must own to a favourite it has to be the example of the International Style, Whiteladies House, of 1935. This was for "a generation bred in one war and living its little time of sunshine to the full before the next one," in the words of its designer. Thus the residents took to the roof, for golden summers spent under a constant sun—before the clouds piled up upon the horizon—or perhaps, more literally, before the conservative British public retreated back into an architecture of timbered gables, pitched roofs and a spot of Georgian detail around the sash windows, wiping out all memories of sun-terraces and the like—too foreign by half.

The museum also contains the V & A's collection of 19th-century Continental decorative arts, covering such hitherto unsuspected fields of expertise as examples of Norwegian art nouveau and a book-case seemingly modelled on a Bavarian castle, given by the Emperor Franz Josef to Queen Victoria. The royal family must have been more than happy to pass it on to the museum and put something a little milder in its place at the palace.

The local connection is made with a full display of Spitalfields silk and this interest has led to a large costume collection. There is a gallery devoted to travelling exhibitions which, at the moment, happens to be showing fabrics from the textile firm of Warners—130 years in the business.

For children, for the residents of this corner of London (and here I declare an interest), but also for anyone interested in things as diverse as Bugatti furniture or optical toys, then the Bethnal Green Museum is a treasured possession: it is to be hoped that the Trustees will firmly turn down the option of entrance charges and that the Museum can return to calmer times, continuing to do what it does supremely well.

## South Bank Summer Music

The Greater London Council's annual South Bank Summer Music commenced last night and consists of 27 concerts in 15 days. The opening concert in the Festival Hall was devoted to Berlioz's last opera *Béatrice et Bénédict*.

On Wednesday August 18, in the Elizabeth Hall, further aspects of French opera will be explored, this time from the 20th century, in a double bill: Poulenc's *La voix humaine* with Elisabeth Söderström and Ravel's *L'Enfant et les sortilèges*.

In contrast, on Saturday August 28, the National Youth Jazz Orchestra will give a concert at the Elizabeth Hall which will include Paul Hart's *The Sherwood Forest Suite*. There are some 16 movements to the suite, all associated with the legendary figures who dwell in Sherwood Forest and their enemies.

## Turangalila Symphony /Albert Hall

**Andrew Clements**

Since the youthful Leonard Bernstein gave the first performance with the Boston Symphony Orchestra in December, 1949, Messiaen's *Turangalila* Symphony has been a young person's work. It is difficult to imagine one of our more senior conductors responding wholeheartedly to this *mélange* of religiosity and eroticism, its reliance on repetition and superimposition to build massive climaxes, above all, perhaps, to its unashamed banality and willingness to use the most vulgar emotional tricks to make a dramatic point.

*Turangalila* was the major work in Friday's Prom, given by the City of Birmingham Symphony Orchestra under its principal conductor Simon Rattle. Mr Rattle is about to begin his directorship of this year's South Bank Summer Music, which has a strong French flavour; he could hardly have chosen a more spectacular curtain-raiser for his rival enterprise across the river. On this occasion the Symphony was well matched to its auditorium. In a smaller hall the climaxes can be more overwhelming, the physicality of the music more appreciated. Here, with the enormous score held as it were at arm's length, the sheer ingenuity of Messiaen's construction could be better appreciated — vast clockwork edifices coloured in primary tones.

Here, for once also, the contribution of the ondes martenot was telling, not so frequently subsumed into the general texture as in some performances. The soloist was the French composer Tristan Murail, a pupil of Messiaen and the ondes inventor Maurice Martenot; the pianist was Peter Donohoe, vivid and impassioned. Mr Rattle made sure that every detail was heard, pointed every rhythm precisely, even managed to make the tiresomely protracted "Garden of the sleep of love" less long-winded than usual, a well judged counterweight to the preceding "Joy of the blood of the stars" which Rattle had invested with considerable lithe energy.

The Birmingham orchestra responded with great enthusiasm and no little virtuosity. The first half of the programme, however, had shown it off to rather less effect; the complete ballet music which Ravel fashioned out of his original *Mother Goose* Suite, with an added prologue and "Dance of the Spinning Wheel" and some interludes to weld the suite into a continuous scenario. There are extra exquisite moments in the ballet music, but in this performance everything seemed a shade unsettled and remote; listeners to Radio 3 may have better been able to appreciate the success of Mr Rattle's exercise in balance and refinement.

## Trial by Jury/Albert Hall

**Arthur Jacobs**

Whether the D'Oyly Carte Opera Company is really dead or only quiescent, one message comes over loud and clear: Gilbert-and-Sullivan lives. The Drury Lane *Pirates of Penzance*, despite its percussive re-orchestration, preserves Sullivan's harmonies entire, and joyously indulges Gilbert's prolonged Victorian punning. At the Proms on Saturday, *Trial by Jury* met with huge acclaim given in the traditional musical version with the soloists acting their parts in appropriate costumes.

That formed the second part of what might be called—if Percy Grainger would not resent the description—an all-British programme, with Nicholas Cleobury conducting the BBC Concert Orchestra. William Alwyn (born 1905), who must be virtually unknown to the younger generation, was represented by an eloquent performance of his Symphony No. 5, a particularly distinguished example of its kind (and particularly concise, lasting 15 minutes). Better-known, John Ireland's piano concerto seems to me much more "dated" and I suspect that such a young pianist as Kathryn Stott, playing an instrument too metallic in tone, was not quite in sympathy with its sentimental urge.

A group of Grainger's vigorous, folky pieces included *Handel in the Strand* in Sir Henry Wood's effective orchestration, with an organ at the end, and three in Grainger's own special orchestrations for Stokowski. Of these, unfortunately, the subtle interweaving of instrumentals trands in the *Londonderry Air* was badly smudged by Mr Cleobury's conducting.

*His beat had happier results* in *Trial by Jury*, in which John Brecknock as Edwin was in sparkling form, light and true in vocal style and with every word clear. The other principal soloists (Marilyn Hill-Smith; Gordon Sandison, Alan Watt and Roderick Earle) supported strongly, but the women of the BBC Singers swallowed their words. What a pity that the men and women of this professional chorus did not reinforce the dramatic impact by casting their music-copies aside for once!

## 1982 Ronson Awards at RADA

Vincenzo Ricotta (22) of Hoddesdon and Fiona Shaw (24) from Cork have been awarded the Ronson Awards for "the most promising actor and actress of the year" at the Royal Academy of Dramatic Art.

Both winners finished at RADA recently and were signed by agents.

## Venice opera

# Handsome revival of Massenet's Don Quichotte

As a coda to its interesting winter opera season, the Teatro La Fenice here has presented a kind of brief festival under the general title "Europe in Venice 1982." First the Dresden Opera came, with its productions of *Freischütz* and *Rosenkavalier*; then the Fenice itself mounted a new *Don Quichotte* of Massenet with an international cast; and finally The Royal Ballet arrived with a gala *Romeo and Juliet*.

From the very beginning of his career, Massenet has enjoyed a certain popularity in Italy (the Scala success of his *Roi de Lahore* put Verdi's nose sorely out of joint); if his *Manon* is understandably heard less often than the Puccini version of the story, the Massenet *Werther*—especially since the heyday of Tito Schipa's career—has become virtually a repertory opera, and even *Thaïs* and *Hérodiade* are to be found now and then in Italian *cartelloni*.

In recent years, at least, *Don Quichotte* has been a rarity; but now that Ruggero Raimondi has fulfilled a long ambition and take up the role, it is safe to predict the work will soon make the rounds of Italian (and foreign) houses. This Venice production, obviously created for him, will be a big help, for it is agile, handsome to look at, and generally persuasive. Piero Faggioni, who not only produced but also designed sets and costumes, has an abundance of ideas (expounded also in the rich Fenice programme), and some of them are unhelpful. For one thing, he dresses a group of supers in turn-of-the-century clothes and has them stroll in and out of the performance; fortunately their intrusions are infrequent, so can easily be eliminated, if Faggioni can be convinced that this notion is an excrescence. He also takes the Prelude to Act 5 and puts it before the opening of Act 1, enabling him to create a highly effective visual point (the Don is seen poring over old books), but causing a musical confusion, vitiating the impact of the Prelude when it is then repeated in its proper place.

Still, all in all, Faggioni has done a good job; and this *Don Quichotte* deserves its immense Venetian success (the theatre was packed for all performances, despite the murderous heat). Raimondi's interpretation is already good and should grow, as he repeats it, into something memorable. He sings the music, avoiding any temptation to Boris-ise it with excessive *parlando*; and the voice is warm and lyrical (his French is also very good). His characterisation perhaps is still a shade generic, wanting that edge of grotesqueness, of noble madness. This Quichotte is too normal, even though, in the great final scene, he is profoundly moving.

As Sancho, Gabriel Bacquier sometimes overshoots the mark; his ease in the role seems to encourage a broadness of comedy out of key with the subtler Massenet tone. The voice, too, is worn and unsteady; and he forces it beyond pleasantness. But the Dulcinée of Margarita Zimmermann is a constant pleasure, warm and seductive, carefree yet sensitive. She acts as well as she sings (and is seconded by Faggioni's Velasquez-inspired costumes). The smaller roles — largely assigned to young Italian artists — are all deftly handled.

Georges Prêtre is a Fenice favourite, and he certainly manages to make the orchestra sound good. It achieves a glow under his hands, and this score —with its frequent employment of solo instruments — allowed the Fenice to demonstrate the progress it has made in the past year or so, under the theatre's new direction. After a period of confusion and dejection, now the great Venice house is working its way back towards the top rank of Italian lyric theatres, just as some of its most distinguished rivals — not excluding La Scala—seem to be groping, lost.

WILLIAM WEAVER

Leonard Burt

Derek Godfrey

## Molière/The Other Place

**B. A. Young**

In this spirited version by Dusty Hughes, Bulgakov's play is like a romance from the Lyceum or Drury Lane last century. It tells how the Church punished Molière for creating the unsympathetic priest in *Tartuffe*, but it is all done in bright primary colours, and Bill Alexander has matched it with a mobile production that leaps about a two-level set by Ralph Koltai.

We have a tragic young actress, a sinister informer, an awesome Cardinal, an aristocratic swordsman, a grim secret, a dread Cabal in horrid masks. We have a King—Louis XIV. There are no politics later than those of Molière's day.

The plot, some of it true and most not, makes Molière's new young wife not, as he thought, the sister of his discarded mistress but her daughter. The secret is discovered, in a characteristically melodramatic way, by a boy hiding in a harpsichord, where he works helping in an act of "magic." When the Cardinal Archbishop learns of it, he realises that he can finally discredit Molière; disrespectful plays are one thing, incest is another. Molière loses the King's favour, but he continues to play until that fatal performance of *Le Malade Imaginaire*, when he perfectly historically dies on stage.

Antony Sher's fine playing of Molière is only farcical when the great man is playing one of his own comic characters. His achievement is to have kept it tragic when so much of what he does is comic.

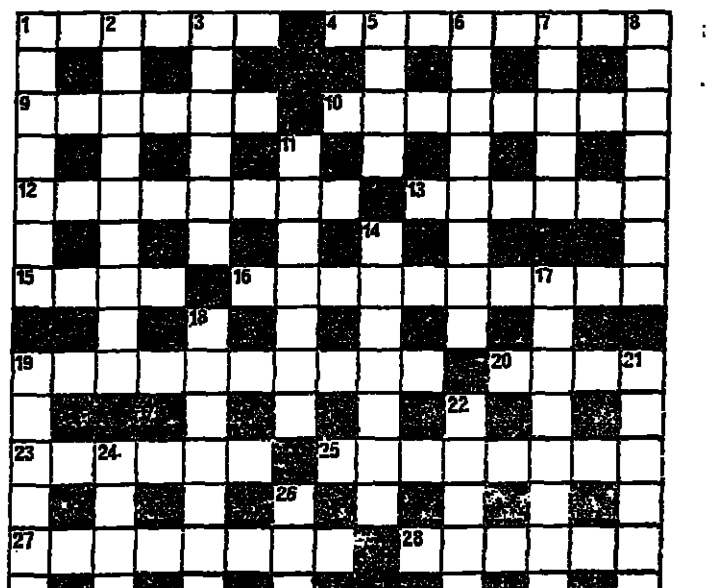
Derek Godfrey plays Louis, almost unrecognisable under a great gold wig. The part is a comic one, with a series of unlooked-for generosities towards people who don't deserve them. The final change of attitude towards Molière, being played in the same mood, makes a notable moment. Comic he may be, but he is never less than royal; what he lacks in dignity is provided by the Cardinal. And even he descends to fight a spitting match with d'Orsini, the swordsman (a performance by Malcolm Storry with a touch of Errol Flynn).

The two women are Penelope Beaumont as Madeleine, the elder, who is outstanding in her final confession, and Joanna Foster as her "sister," a loose woman of the better sort. I don't know what the point of the Honest Cobbler is, a garrulous workman who hangs about like a court jester, only without making jests. Albie Woodington plays him without offering much of a clue. David Troughton is Molière's confidant Bouton, and the pathetic boy from the harpsichord, who grows up to be an actor in Molière's company, is touchingly played by Chris Hunter.

Before this lively entertainment begins, Bulgakov himself is presented, to talk about his relations with Stalin. This seemed to me a waste of time.



## F.T. CROSSWORD PUZZLE No. 4,949



ACROSS

1 Hides in the field (6)
4 Column eerily moonlit on high (8)
9 Trick is being unwell but due to improve (6)
10 Some cement left on the ground (8)
12 Climbers' aid ordered in Barset (8)
13 Colouring-matter of orange or tan to a mixer (6)
15 Plainly, a Spanish precipitation (4)
16 Who used it for a mutterer? Pa, perhaps! (3-7)
19 Kid's break—place for putting jam (10)
20 Constable's wagon? (4)
23 Like the Milky Way? Start to stare and linger (6)
25 Missile socially acceptable—official news item (8)
27 Gets better, as does the upholsterer (8)
28 Lying comfortably, follow to encircle the flag (6)
29 Keeps unusual dialects (8)
30 As coarse as those dogs with long tails, we hear (6)

DOWN

1 Mountaineer should be clear-headed and flexible (7)
2 Court-card? (9)
3 This edible root is hard to crunch (6)
5 A pitcher for the orchestra? (4)
6 Lower language in Cannes, say (2-6)
7 It is not fitting to have pinta spilt 5)
8 Where, in France, Edith can be found in retreat (7)
11 Opening reader's roughly-pasted leaves (7)
14 Aloof—set in a superior position (5-2)
17 Gimcrack, having gap thinly disguised (9)
18 Deeply impressed and serious in ambition (8)
19 Somehow, tragic's the word for inner man's trouble (7)
21 Home shared by devoted sisters? (7)
22 Trail for Maigret for example (6)
24 First capital gains tax of course (5)
26 Spoken half of Beethoven's sixth? (4)

The solution to last Saturday's prize puzzle will be published with names of Puzzle No. 4,943

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Monday August 16 1982

# Trapped in a virtuous circle

IF A country, whose exports are highly competitive, is prevented *from selling abroad by artificial* means its exchange rate will tend to move in a direction which increases its competitiveness.

This scientific-sounding principle is one of the factors influencing the international value of the Japanese Yen. Last week, when the OECD predicted that Japan's current account surplus would rise from $4.8bn in 1981 to $6½bn in 1982 and to $20½bn in 1983, the Yen touched a 28-month low of Y264 to the U.S. dollar.

The forces which support the principle are self-evident. Were it not for a variety of restraints on the export of Japanese textiles, steel, television sets, bearings, motor cycles and cars, those exports would be that much larger and the Yen proportionately stronger.

The impact of these restraints spills over into investment flows as well: fears that protectionist measures against Japan will proliferate deters investors from buying Yen. And attempts by Japan to defuse protectionist sentiment by direct investment in overseas markets add to the export of capital which is the key reason for the Yen's chronic undervaluation.

### Formidable

The principle is just one facet of the virtuous circle which now makes Japan such a formidable contender in world markets. The country responded to the oil shocks with such industrial flexibility and with such technological flair that it now has *reserves of competitiveness* as well as a low inflation, low interest rate economy.

Yet the factors already mentioned—and, for the moment, investment outflows seeking the high interest rates available in the less healthy Western economies — prevent the exchange rate from imposing the sort of handicap to which Japan should really be playing.

The OECD report on Japan spells out quite forcefully how Japan's "problems of success" are due much more to the country's impressive industrial performance than to the inscrutable techniques of non-tariff protectionism so often blamed by other Western countries. The report points out that while "the multi-layered distribution system makes access to the Japanese market difficult, not only for foreign companies but also for domestic *newcomers*, it should be noted that successful foreign products in Japan are often distributed in a very efficient way."

The recent, rapid growth of *imports to Japan of manufactured goods* from developing countries suggests to the OECD that sales into Japan are more influenced by competitiveness than by non-tariff barriers. This conclusion is supported by the rapid rise in imports of manufactured goods which accompanied the marked strengthening of the Yen in the 1977-78 period.

### Marketing

It is true that the sort of sophisticated products which other Western countries would like to sell to Japan can benefit less immediately from any sudden improvement in competitiveness: they need careful marketing and well established service networks.

But here again the OECD demonstrates how Japan has simply tried harder than its Western trading partners. The number of Japanese business offices overseas has doubled in the last decade and the number of people working in them has *tripled. Meanwhile the number* of both foreign business offices and their employees, in Japan has remained virtually unchanged.

In such a topsy-turvy world, where a country's deserved economic successes conspire to weaken its exchange rate and make it more formidable still, it is not surprising that the OECD finds it hard to be constructively critical. Japan cannot apply monetary stimulus to its economy without weakening its exchange rate further. More import promotion might help a little, but it will not address the heart of the problem.

The dollar at Y260 is another painful side effect of the high interest rate regime to which the West is now subjecting itself. It can only wait for this side effect to pass—for a sudden inversion of sentiment when the *lure of yen appreciation overshadows* the yield on dollar deposits. But even when the yen is climbing past Y200 to the dollar the West will still have its work cut out to make inroads into the margin of competitiveness which Japan now has won for itself.

# The reshaping of world industry

ONE OF THE illusions which has been punctured by the present recession is the belief in size and diversification as a way of protecting a company from the ups and downs of world markets. Many of the acquisitions which took place a decade or so ago were inspired by this belief, coupled with a degree of over-confidence about the ability to manage a variety of different businesses.

As it turned out, the benefits of "synergy" proved elusive. Many companies allowed their ambitions to outrun their financial and managerial resources. Now, in the face of high interest rates and sluggish demand, they are being forced to cut down to a size and product range where they can be profitable and competitive.

The most celebrated victims are those, such as Massey Ferguson, International Harvester and AEG-Telefunken, which delayed the adjustment for too long. Massey Ferguson found that the switch from farm machinery into construction equipment was far more difficult than it had expected. International Harvester has already sold its gas turbine subsidiary and is now seeking a buyer for its construction equipment interests.

AEG, if it survives at all, will be stripped back to the core of activities, mainly in capital goods, where its market position and technology are strong. All three companies had been trying to do too much. They did not recognise soon enough the need for surgery in the weaker parts of their empires.

Even companies with much greater financial strength have felt the same need to concentrate their efforts. Ford Motor Company in the U.S., for example, is discussing the possible sales of its Rouge River steelworks to a group of Japanese companies led by Nippon Kokan.

### Logical

Evidently, Ford does not have the capacity both to undertake a huge investment programme in the automotive business and to carry through the necessary *modernisation of the steelworks*. For Nippon Kokan, one of the leaders of the Japanese steel industry, the Rouge River plant would provide a logical *means of establishing itself* directly in the U.S. market. This is the kind of realignment which is likely to contribute to higher productivity.

The same process has been taking place in western Europe and especially in the UK.

There are a few remarkable success stories among British owned conglomerates, but the tendency in the last two or three years, especially in engineering, has been for the larger groups to divest themselves of activities which are peripheral to the main business and which require a disproportionate amount of management effort.

In some industries economies of scale in manufacturing have made the emergence of very *large companies seem unavoidable*. But even here there are signs of a shift away from the huge single-product factory which needs to be run continuously at or near full capacity. Smaller and more flexible plants, run at low cost and serving a local market may not necessarily suffer a cost disadvantage; the emergence of the mini-mill in steel is one example. The small specialist is often quicker on his feet than the diversified giant.

### Disadvantages

There will, of course, continue to be pressures in the reverse direction. Managers of successful companies are always prone to empire building. Moreover, in an age when so much business is directly or indirectly influenced by governments, companies like to be able to support their lobbying efforts with financial and industrial muscle. Yet the disadvantages of size are now sufficiently evident *to make bankers, investors* and boards of directors pause before sanctioning large-scale acquisitions, especially if they take the company into a new field.

Fifteen years ago public policy in the UK was consciously aimed at the creation of large companies which could compete against the giants of Japan and the U.S.; now the emphasis, rightly, is on encouraging small companies. The fear that European civilisation would be *submerged by the all-conquering* American multinationals has turned out to be misplaced.

Size may give the illusion of power, but it is no guarantee of *survival*.

**Nationalised Industries: Results Compared**

BNOC | BRITISH GAS | Post Office | NATIONAL | BS | Electricity Council | NCB

| All figures £m | BNOC 1981 | BNOC 1980 | British Gas 1981–2 | British Gas 1980–1 | Post Office 1981–2 | Post Office 1980–1 | National Bus 1981 | National Bus 1980 | Brit. Shipbuilders 1981–2 | Brit. Shipbuilders 1980–1 | Electricity Council 1981–2 | Electricity Council 1980–1 | British Rail 1981 | British Rail 1980 | National Coal Board 1981–2 | National Coal Board 1980–1 | British Steel 1981–2 | British Steel 1980–1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Turnover | 5,752 | 4,323 | 5,235 | 4,295 | 2,497 | 2,168 | 618 | 582 | 1,026 | 899 | 8,057 | 7,112 | 2,899 | 2,636 | 4,728 | 4,187 | 3,443 | 2,954 |
| Current cost pre-tax profit/loss* | 375 | 268 | 360 | 386 | 96 | 23 | (21) | (34) | (41) | (43) | (80) | (272) | (164) | (200) | (648) | (431) | (488) | (688) |
| Total funds generated from operations | 486 | 446 | 937 | 902 | 146 | 78 | 38 | 12 | 23 | (26) | 1,592 | 1,270 | 166 | 93 | 276 | 161 | (145) | (554) |
| Capital expenditure | 263 | 216 | 515 | 514 | 79 | 60 | 34 | 40 | 37 | 17 | 1,170 | 998 | 197 | 222 | 722 | 736 | 164 | 148 |
| External financing limit | n/a | | 49 | | 0 | | 75 | | 150 | | −165 | | 920 | | 1,238 | | 730 | |
| External financing, actual outcome | n/a | | 39 | | −13 | | 74 | | 146 | | −221 | | 960 | | 1,225 | | 694 | |

* After interest, before tax and extraordinary items.

Source: Annual Reports

# Nationalised industries: sorting out the figures

By John Plender

"THE ROSY-TINTED prospectus must be set against the reality of past performance." So said Mrs Margaret Thatcher in a characteristic attack on the nationalised industries in a speech at the Confederation of British Industry's annual dinner last year. No one could deny that there have indeed been areas in which public sector performance has fallen short of expectation. But should the nationalised industries be uniformly tarred with the same brush? And how far should scepticism be modified in the *light of this year's results?*

All the major nationalised industries have now published their annual reports with the exception of British Telecom, whose accounts are due later this month, and British Airways, which is troubled and far behind schedule: its report is unlikely to appear before October. The key financial figures are shown in the table, where the main nationalised industries are displayed in order of declining real profitability.

The profit figures should, however, be taken with a strong pinch of salt. Not least because the profit is expressed in an incomplete form of current *cost accounting which excludes* any form of gearing adjustment. That is to say, revenue has usually been depressed by high nominal rates of interest that partly compensate the lender (mainly the Government) for the fall in capital value of the related debt; yet the benefit to the business of financing assets with borrowed money that costs less over time to repay in real terms is not brought into the revenue account.

If the Electricity Council, which has a huge burden of debt, had used the same form of current cost accounting as private sector businesses, its loss would have been turned into a profit of £104m.

As well as having different capital structures, nationalised industries apply widely differing accounting principles. To take a single example, if British Shipbuilders had charged redundancy payments above the line in the same way that National Bus does, its results in recent years would have looked very much worse.

Still more important, subsidies, grants and other forms of state support are treated in different ways. British Rail *regards its £810m* Public Service Obligation grant as a receipt for services rendered and includes it in turnover; the National Coal Board takes *credit for operating and social* grants of £147m before striking its pre-tax loss and also includes a £428m government grant below the line to cover its post-tax deficit; and at the other (profitable) end of the scale, the cash-rich British Gas Corporation charged the Government's gas levy, which rose from £129m to £395m last year, in arriving at its current cost pre-tax profits. This underlines the shortcomings of the profit concept in considering the performance of state-owned businesses.

The one figure which is more or less comparable between industries and not easy to *fiddle is the external financing limit* (EFL), a key element in the framework of financial discipline that the government imposes on public sector *management*. The target and the actual outcome are a shorthand expression of the financial relationship between individual industries and the government. A minus figure in the table means that the corporation concerned made a net contribution to the Exchequer: positive figures indicate a drain on it, with consequent additions to the public sector borrowing requirement (PSBR).

Excluded here is British National Oil Corporation, where limits are academic. The only question is the size of the contribution of the Exchequer. Last year the government's take from BNOC in supplementary petroleum duty, petroleum revenue tax and corporation tax amounted to £362m.

That said, some broad conclusions can be drawn about nationalised industry performance. At the revenue-generating end of the scale, monopoly businesses such as British Gas and the Electricity Council have had little difficulty in coping with the financial targets set for them by the Government. For gas, the aim is an average current cost annual return before tax and interest of 3½ per cent on average net assets in the three years to 1982-83; in the first two years the corporation is on target. For electricity, the *target is an average return of* 1.7 per cent on current cost net assets. The industry expects to meet it.

All this begs the question, *however, of whether the targets* make sense. Scepticism is reinforced, given that success appears often to have been won at high cost to the consumer—and not necessarily through the fault of the industry concerned.

> Some of the big monopolies have been forced to impose an inflationary burden on society

The pricing structures of gas and electricity have to be seen against the background of the Government's own policy of economic pricing of energy. Moreover, management's discretion on prices is now extremely limited.

In 1981-82, the Government required domestic gas prices to rise by 10 per cent more than the rate of inflation; so, too, in 1982-83. This is reflected in the *industry's financial targets.* Similar pressures affect electricity. Sales have fallen below forecast because of the recession, so the financial target could only be met, the industry argued, by raising prices. In fact, the industry had doubts about raising prices when profitability in the private sector was under severe pressure. But the Government did not accept its argument for a reduction in the target return for 1982-83 and, did not *con*cede *much in the compromise* over a revised EFL that was ultimately hammered out.

The paradoxical result, with both electricity and gas, is that the part of the public *sector* that generates most cash is forced to do everything it can to bring down the PSBR, which the Government regards as central to its counter-inflation strategy; yet because the system of external financing limits and financial targetry is indifferent to whether targets are met through price rises or cost cuts, the industries are adding to the rise in the general price level.

Some of the big public sector *monopolies* have thus been forced to impose an inflationary burden on society while simultaneously being pilloried by ministers for doing so. *Alternatively, targets are met* only at the cost of reductions in service, as at National Bus.

In the meantime, relatively little political comment is directed at those figures in the annual reports that tell something of the level of productivity in the underlying businesses.

In the case of BNOC this does not matter over-much. Pricing decisions on North Sea oil are made in the context of a world market. The Treasury may not *feel happy when North Sea* prices have to be reduced when demand weakens, but few in Whitehall doubt that BNOC's judgments on pricing over the past year or so have been realistic. And the corporation has been operating in a highly competitive business.

The story is different at electricity, *however, where it is* difficult for the layman to establish now efficient the industry is, or how far productivity has really improved from one year to another. A reduction of more than 3,000 in the workforce last year suggests that serious efforts are being made to cut costs. But the marked disparities in financial performance between area electricity boards suggest that there are some parts of the business where there is scope for improvement.

At British Gas things are a little further advanced; there is a rudimentary performance target of a 5 per cent reduction, in real terms, in net trading costs per therm of gas sold in 1982-83 compared with 1980-81. And in the Post Office, performance targets have existed for some time.

For the past four years, it has been required to peg both the real unit cost of handling business and real prices, but has overshot by 4.7 per cent on costs and 3.5 per cent on postal prices. Most of the overshoot came before 1981-82, and the increase in the Post Office's profits this year reflects some genuine productivity gains, including staff cuts and reduced overtime.

The longer-term record is scarcely impressive though. Since 1973, overall mail volume has declined by 8 per cent, while tariffs have increased, in real terms, by 31.5 per cent. Staff numbers have increased by nearly 3 per cent over the past 10 years and, the increase in the cost of total pay outstripped the rise in the retail price index over the same period.

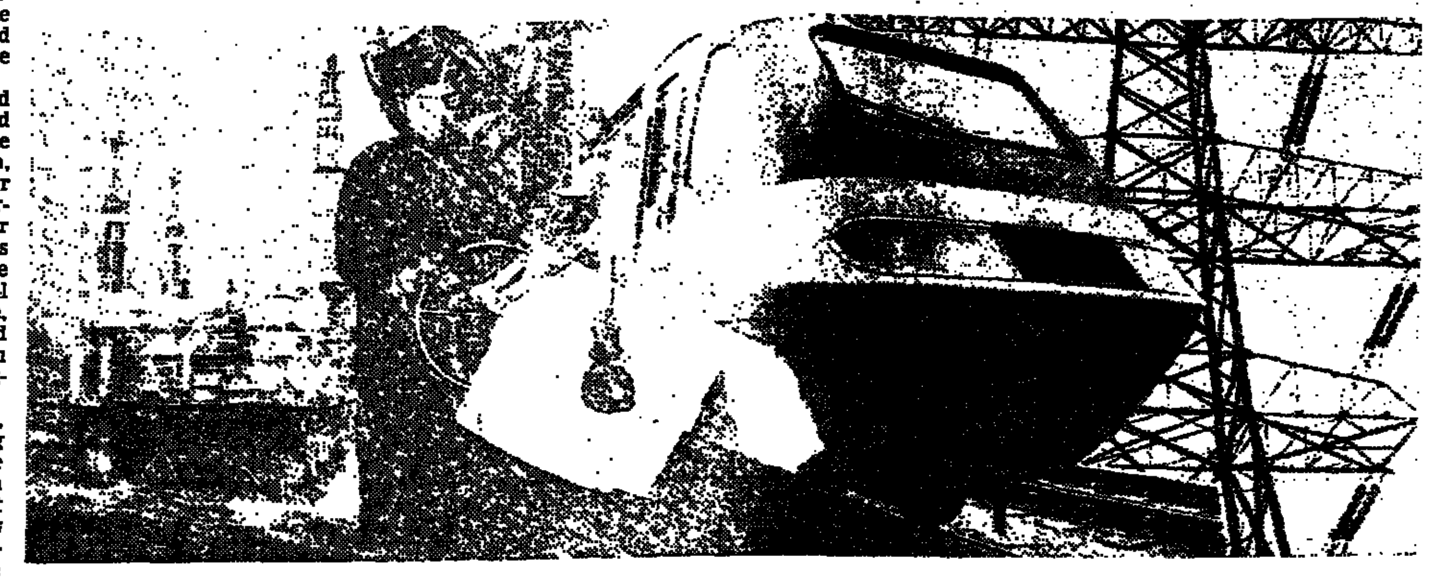
With the loss-making businesses, both the operating and financial performance can be difficult to gauge. British Shipbuilders, for example, boasts about successful measures taken towards *establishing a viable* business and claims to have produced a result well within its financial target of a £25m loss. Whether the figures tell the full story, however, is open to question, since the auditors have qualified their report in relation to £127m-worth of provisions on contracts.

*British Rail's report* is full of indications of an apparently aggressive hunt for productivity: the locomotive fleet has been reduced by more than 7 per cent, passenger coaches by over 10 per cent and freight vehicles by more than 26 per cent, while passenger miles are down 3 per cent and net tonne miles for freight have fallen by 0.8 per cent.

Staff has been reduced over the year from 240,000 to 227,000. Yet real profitability remains curiously elusive; targets have been missed (and will be missed again in the current year because of the dispute with ASLEF); and the age of the train—or more specifically of 66 per cent of the fleet of electric and diesel multiple unit trains—is between 20 and 30 years, implying continued erosion of the physical capital of the business.

Nowhere is the gap between apparent productivity and real profitability wider than in the case of the National Coal Board. Direct subsidies and production costs per tonne were, the NCB claims, much lower than in West Germany, France and Belgium. Productivity, as measured by several of the Board's performance indicators, is at its highest-ever level. But to what end? Only two out of 12 of the NCB's deep mining areas made an operating profit last year and huge losses per tonne were recorded in South Wales, and, to a lesser extent, Scotland and the North East. How long will the Government allow the industry to enjoy this unique degree of protection from economic reality?

By contrast, the bull has been taken by the horns at BSC, where the workforce has been halved over the past five years. Last year each tonne of liquid steel took 9.6 man hours to produce against 14.5 hours in 1980-1981 and 13.2 in 1979-80. The decline in losses speaks for itself. Sadly, BSC's efforts have been rewarded by anti-dumping hostility from the U.S. and flat home demand. The pain in steel is far from over.



# Men & Matters

## Shearing at wool H.Q.

With what appears to be an odd sense of timing the London-based International Wool Secretariat has fired all six of its public relations staff at a moment's notice.

Ken Gofton, the director, and his team have been told by Dr Gerald Laxer, the New York-born managing director of the IWS, to clear their desks at *once*.

Poor timing? Well, the firings have coincided with a statement by Royal Naval medical specialists that burns suffered by men on HMS Coventry, sunk in the Falklands, were more severe for those wearing protective clothing made from synthetic fibres than from natural wool fibres. Just the sort of information that ought to attract a lot of publicity for wool. Who is going to attract it now?

The IWS, which has branches in 30 countries, has had at least one previous purge. Two years ago Dr Laxer conducted a cost-saving operation within the organisation that earned him the name "Laxer the axer" in the Australian press where they have a way with words.

Dr Laxer who is himself nearing retirement, says that the chopping of the organisation's international public relations staff has to be seen against the needs of the organisation.

"Things are changing," he says, "The department was established to give feed-back to the growers, our sponsors in Australia, New Zealand, and South Africa. But now we need a different approach, a change of direction. We need to get at the decision-makers in the grower countries."

Laxer, a textile chemist with *a doctorate from Leeds University*, is the first non-Australian director of the IWS.

His in-house changes come at a moment when the U.S. textile *industry is starting to take a* new look at wool.

Some strategists in the industry believe that an increase in the IWS's £50m annual budget to exploit the massive U.S. market is the right way forward.

The IWS is at present in delicate negotiations with its sponsors to raise its spending, partly to fulfill future ambitions such as bigger U.S. sales, and partly to counter the new generation of super-synthetics which is coming along.

## Sales notes

Overheard in the bar chatter after a highly satisfying end-of-season performance at Glyndebourne was fulsome praise for the enterprise of the French producers of Cointreau in sponsoring the new production of Love of Three Oranges.

Other companies whose donations and advertising help top up the Glyndebourne £650,000 box office takings to make the theatre self-supporting might consider dedicating their support to "appropriate" productions.

The Rake's Progress should have obvious appeal for Gordon's Gin. How about The Barber of Seville for Gillette, and Carmen for Imperial Tobacco?

The Marriage of Figaro should suit Moss Bros. And Lucia di Lammermoor might be seen as a suitable promotion for Valium by Hoffmann-La Roche.

## Pot luck

Until now it *has not been possible*, even in Amsterdam, to obtain financial indemnity against the consequences of breaking the law. Dutch *cannabis users may therefore be* on to something new with an insurance scheme which guarantees "pot" smokers against seizure of their supplies by the *police*.

The "Free Stuff Foundation," which campaigns from its base in Groningen for decriminalisation of the use of hashish and marijuana, has begun to issue policies to users of both "soft" drugs. It will insure them against the seizure of up to 30 grammes of cannabis—the most which can be found on a person without his being charged with dealing.

Maximum damages under the law are £51 for hashish and £32 for marijuana. The insurance premiums so far are only £2.50 a year.

"Free Stuff" says that 10 policies have already been issued, with many others *certain to follow*. *Rival schemes* from the big Dutch insurance companies are not expected. And there is even less likelihood they will follow "Free *Stuff's" next proposed venture:* insurance for "pushers."

## Bored bill broker

"Frankly I'm bored to the teeth with monetarism, which I suppose a bill broker ought not to say," admitted Peter Lee yesterday. At 57 he *is retiring* as managing director of Union Discount, the City's largest discount house, where he has been the number two man for several years.

He developed his theme, "You could say I'm slightly out of sympathy with monetarism—and people treat it with so much *reverence you would think*. it is like Newton's law of gravity—which it isn't."

The new monetary control instruments which were brought in just a year ago have altered the ways of the market. Not everyone has liked the change. Discount houses have been given more scope for their own judgment about the direction of interest rates. It has proved a more interesting market for some. But evidently not for Lee.

He has been responsible for building up Union's company clients list over the last 15 years. The fun, as he recalls it, lay in having to approach companies at the very top level. "But now the level of contact has been downgraded as companies have learned about the market. Younger men can be allowed to get on with it."

Young will stay in the City. He will not be working in the *discount* market. But he gave me a hint of his future interests pointing out there are plently *of non-sterling money markets* to interest an old-timer like himself.

## Parlour game

Did Peter Walker realise at the time what his reform of Britain's local government would do to the *fabric of life?*

The mayor of Llandrindod Wells, a spa town in the Welsh hills, is soon to find himself without a parlour. He and his entire town council are being evicted from the town hall by another council which wants to let the building for offices.

Mayor Ivor Hughes and the 13-strong council, together with their town clerk, have been told to quit the town hall by Radnor District Council which owns it. Radnor District was the local *authority that came out top in* those parts in the local government reorganisation.

The town council has been offered a resting place in *another part of the town and* has agreed to take it "with reluctance" to avoid legal proceedings.

"But there would have been *no harm* in letting us stay there. It is the only town hall we have," said Mayor Hughes as he packed his regalia. "Radnor has offered us two *rooms*. What we want is the council chamber in a proper town hall where a town council should be."

***Observer***

URBAN DEVELOPMENT PROGRAMME

# How America creates jobs

By Robin Pauley

*OVER A quarter of a million* new jobs have been created in some of the most socially and economically deprived inner city areas of the U.S. over the past four years through a remarkably creative $15bn combination of government grants and private sector investment.

So successful has been the Urban Development Action Grants (Udag) scheme that *Britain is now trying to copy* it. In the U.S. the programme has become so popular that queues of projects, invariably initiated by the private sector, bid for money at each quarterly disbursement.

The statistics are impressive: since the scheme's inception four years ago the U.S. Government has paid out $2bn in grants to 1,300 joint development projects between local authorities and the private sector in *depressed urban areas*. The private sector contribution has been $13bn. Recent examples include:

- In Detroit, Michigan, a $625,000 Udag grant will help Coca Cola finance a $2.9m expansion. The company will acquire four pieces of land near its Detroit premises to build a 35,000 sq. ft warehouse. The grant will be on-loaned by the city to Coca Cola and repaid at 10 per cent over four years.

### Five construction jobs and four permanent ones

About 100 permanent new jobs will be created, of which 85 per cent will be made available to minorities.

- In Baltimore, Maryland, an *$850,000 Udag grant will help* Rockland Industries relocate from its present flood-prone site to a building which will first be renovated. The scheme will improve the company's efficiency and allow it to retain 280 jobs. Over 60 construction jobs will be created by the scheme, which will cost Rockland $4.9m.
- In Hominy, Oklahoma, a $90,000 grant will be added to $233,780 of private funds to build new pavements, kerbs and gutters in the central business areas. Five construction jobs will be created and four permanent ones.

Inner city unemployment: queueing for the dole in Detroit.

The British Financial Institutions Group (FIG) of 25 managers set up by Mr Michael Heseltine, Environment Secretary, to look at Britain's inner city problems after last year's riots was so impressed with the scheme that it persuaded Mr Heseltine to adopt it immediately on a copy-cat basis. The Government has allocated £70m of funds in the Budget for *Udags next year and asked for* first bids for the money by this September.

Although the money is *waiting to be snapped up* there has not been one application so far. The FIG managers drawn from City institutions and pension funds have been on a *whistle-stop tour to urge councils and* the private sector in Britain's city stress areas to get together and organise projects which will then be given some of the money. A number of schemes are now expected, including 10 from Birmingham.

The problem is not simply *that the Udag concept is new* to Britain and that projects take time to be organised, planned and set in motion—although that inevitably is part of the reason for the apparent lack of response. There is a much deeper difficulty—the traditional divide between public and private sector, the hostility rather than co-operation between commerce—the taxpayer—and councils, the tax levyer and spender.

In the U.S. there is a long tradition of co-operation, if not *always agreement*, between local government and local commerce and industry which recognises that they have common interests.

*It is not unknown for commerce* to argue for higher rather than lower local taxes so long as the extra revenue is used for a purpose approved by business — improving dilapidated urban transport systems, for example.

Such a tradition does not exist in Britain and creating a new spirit is going to be no mean task for FIG. But the potential rewards are substantial, as the U.S. experience demonstrated.

Mr Stephen Bollinger, a 33-year-old assistant secretary in the Department of Housing and Urban Development, is in charge of the Udag system. He explains that "our job is to go in with dollars on projects which would not otherwise be able to go forward and try to get the biggest bang we can."

*This requires* two *elements:* a small, highly professional team working through the applications and criteria which will ensure that projects which get grants will improve the economy and value of their area.

"We should help where there is a shared commitment between private and public sec*tors. But it has to be a strong* project. We do not want to spend federal money building widgets which are going to be used throughout the world to take lint out of people's navels," Mr Bollinger says.

His entire team in Washington for Udags, including clerical staff, is only 68. Although there are some high-flying career civil servants in the programme he has recruited extensively from out*side the bureaucracy* and *his* senior team includes former vice presidents from Rouse, a major property developer, leading financial institutions and Amtrak, the railway network.

"Some have been good at packaging deals, some successful developers, some know banking backwards. It ends up as a small but incredibly skilled group.

"They drive the hardest bargain possible with the local *authority and commercial* developer at one end but simultaneously push the project for all hell to get it funded here. It is not unknown for my own *men to be in tears if something* goes wrong in the middle and a project has to fall out."

Udag was so politically successful when it was introduced that President Carter was keen to snap up the credit for it.

President Reagan has been urged to cut back on the programme by his anti-public spending colleagues but he is finding it difficult to do so.

Nevertheless, the emphasis has been changed. Originally the scheme involved a roughly equal three-way split in qualifying projects: neighbourhood housing; commercial; and industrial ones. That has been revised to give priority to schemes with job-creating potential. This means that housing has been downgraded, for although it provides short-term construction employment there is no permanent new work.

About 10,000 localities in the U.S. qualify for inclusion in the programme, some of them in seemingly prosperous parts. In wealthy Orange County in Cali*fornia there are so-called* "pockets of poverty" which qualify on grounds of urban stress, dwindling population and poor employment prospects.

However, the features which qualify an area have recently been tightened up and the selection procedure for individual projects has been strengthened following criticism.

It has been claimed that some early grants were unnecessary subsidies replacing funds which would have been provided anyway by local government or developers. Some grants are said to have been made on the basis of questionable letters of *intent and inaccurate financial* data and projections. To counter this, the Washington team is now using local bankers to make on-the-spot investigations in questionable cases.

Other critics have charged that there have been unrealistically high claims for the number of jobs provided by projects or that they have not generated the additional tax revenue expected.

"We check all of this out much more thoroughly now and have very sophisticated underwriting methods," says Mr Bollinger. "We do all we can to make sure that the project *is viable, will improve the local* tax base and stimulate the local area economy."

Both the Carter and Reagan Administrations have been sur*prised at the success in attract*ing private money. The original goal was to attract three private dollars for every federal dollar, but the average ratio, or leverage, has turned out to be six private dollars to one federal.

The attraction of the system is that it moves fast. Although months or years may be involved in pulling the application together before submission, *once it is in, the answer returns* within 60 days.

Successful schemes go ahead immediately, although the Udag funds do not feed in until towards the end—so there is no possibility of federal money sitting in a project which collapses half way to completion.

"We are not up front—the local council and developer are. Our dollars are behind, but they are there in a contractual obligation, like collateral," Mr *Bollinger says.*

The Udag money can be used in a variety of ways—a direct grant to the developer, a loan, revolving loan, or an interest subsidy. *Much of the $2bn dis*bursed by the federal Government—none of which it will get back—is in the form of grants to cities which then disburse loans to developers.

Mr Bollinger admits that there have been some problems, but stresses: "There are no examples anywhere of a Udag *project which has gone ahead* and then *decreased* the value of the area. That is what Britain should remember with its new scheme, which you are taking from us just as we are taking your highly imaginative Enterprise Zone scheme. It does not matter if you are starting with very little money—as little as $30,000 can spin off 40 or 50 jobs sometimes.

### '$30,000 can spin off 40 or 50 jobs sometimes'

"Britain can learn from our mistakes and disappointments. *But if I had to give one word* of advice it would be to caution against expecting Udags to be an instant answer to the inner urban stresses of UK cities. It has not been that in the U.S. and cannot be. But it sets up the long term potential to provide some significant improvements."

## Lombard

# Mysteries of the money supply

By Max Wilkinson

ONE OF the more baffling *aspects of the present debate* about the need to give a stimulus to the UK economy is an uncertainty about how seriously the authorities take their own money supply policies.

The qualifications and caveats which officials employ to explain the policies have now become so broad as to be almost the verbal equivalent of a wink or a nudge in the ribs.

Even Sir Geoffrey Howe, that pillar of monetary rectitude, managed a spectral smile when he told a select committee of MPs last year that sterling M3, the broad measure of money, had been "accident prone" since he started setting targets for it.

However, in spite of some off-duty ribaldry in Whitehall at the expense of "monetary targetry" and several marked silences from the Bank of *England, the fact remains that* a broadly conceived monetary discipline is still the mainsail of economic policy.

One difficulty is to know how the authorities can interpret the subtle and changeable signs in the sky to enable them to trim the sheets correctly. The other is how the rest of us can have the foggiest idea of what they are doing.

This problem is just as acute now that the money supply at last seems to be under control. A recent analysis by Lloyds Bank shows that sterling M3 grew at an annualised rate of only about 5½ per cent in the seven months to mid-June. The Bank of England's latest estimate is that the annualised growth rate was about 10 per cent *between February* and July. These figures are comfortably within the Government's current target range of an annual growth of 8 per cent to 12 per cent. Moreover, M1, the narrow measure of money, now seems to be growing at only about 7 per cent a year — appreciably slower than the minimum rate.

What does this mean? At face value the figures would suggest that monetary policy remains tight and may even be too tight. One distinguished commentator has suggested that on this view, the authorities should now slacken off their funding efforts. This *would give the economy* a boost by allowing the money supply to increase and by applying a further downward push to long-term interest rates.

However, the figures cannot necessarily be taken at face value—a fact which the authorities repeatedly stressed during 1980 and 1981 when underlying "monetary conditions" were said to be much tighter than the inflated growth rate of official figures suggested.

If the changes in financial markets which distorted the picture then are still operating, one might conclude that the present monetary squeeze is extremely severe. This view might be supported by the recent behaviour of the latest measure of money, M2, unveiled by the Bank in June. M2 represents cash and those private bank balances which could reasonably be used for transactions—as opposed to large or long-term deposits regarded mainly as stored wealth.

M2 may therefore be closer to the "money" part of monetarism, than previous measurements. According to Lloyds Bank it grew at an annualised rate of only 3.3 per cent in the seven months to June—less than half the Government's minimum target rate.

Alas, this does not help much, for the Bank says M2 must do at least three years' probation before it can be issued with a full kit of seasonal corrections and pronounced fit for service.

Until then we shall have to be content with the blurred vision of spendable money afforded by the four current definitions. Some people say this does not matter because the authorities now regard the money supply as a Victorian child which can be ignored as long as it is behaving.

They say that practical policy is to lower interest rates so gently that there is no danger of toppling the sterling exchange rate over a cliff.

Even so, the published money figures do have important implications for fiscal policy and for funding. It would be *helpful to know whether, apart* from seasonal corrections, the authorities believe any form of credibility discount should be applied to the recent figures.

# Letters to the Editor

## Internationalisation of production and accountability

*From the General Secretary, International Metalworkers' Federation*

Sir,—Contributions to the current debate about proposals to introduce a measure of consultation and participation between workers and management in the EEC seems to me to miss a crucial point.

And that is whether we are ready to increase our understanding of the extent to which our lives, as producers, consumers and citizens, are now dependent on economic, political and cultural forces which are no longer containable within the geography or historic consciousness of the nation state.

We have lived for centuries with the internationalisation of trade and banking but the internationalisation of production is only a recent, effectively a post-war, phenomenon. It is for that reason we have a GATT for trade and the other IMF for finance but no regulatory body for international investment and manufacturing.

Manufacturing companies operating purely within a national framework are expected to conform to national laws and regulations. Why should manufacturing companies that operate internationally not have to live with international law and international regulations? And can it be right to say that because of its international character a company should escape due responsibilities which it could not if its operations were limited to one country?

The EEC has provided a vast market free of tariffs that has enormously helped the growth of multinationals. Now, and in my view a little late in the day, there is a modest attempt to increase the overall accountability of those companies' managements.

Like every other reform *whether it be the arrival of* the SEC in America, the closed shop in Britain or co-determination in Germany the EEC proposals are being treated as if they meant the end of capitalism.

We shall see if that is the case. What I am sure of is that if the Vredling and 5th directive proposals are defeated then that will provide further ammunition for those who denounce the EEC as a capitalists' club and a lackey of the multinationals. Such defeat will encourage those who would like to see Europe retreat into nationalist, protectionist *units in which economic and* social progress would be rendered yet more difficult.

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## Transport in London

*From the Secretary, Movement for London.*

Sir,—Hazel Duffy's informative analysis (Lombard, August 6) of the weaknesses of the Commons select committee's report on transport in London, doubted the proposed new metropolitan transport authority's (MTA) ability to tackle London's fundamental transport problems.

While the exact constitution of the MTA will obviously be the subject of debate, we support the proposal in principle because the present administrative arrangements have failed to plan adequately the capital's transport system.

Most people would agree that Greater London Council does not function well as London's strategic transport authority—a fact that is reflected in David Howell's indication that he will legislate this autumn to take control of London Transport away from GLC. Also we would argue that the politicians at County Hall have repeatedly failed to implement long standing plans for improvements to the metropolitan road network which is the direct responsibility of the GLC.

Some change in the administrative framework that governs the transport infrastructure in London is therefore essential. The proposed MTA would have two important advantages over the present arrangements. The first would be a more consistent approach to transport planning avoiding the abrupt changes in policy due to changes of political control. The second advantage would be the enlarged franchise of the MTA which would be more relevant, covering both the GLC area and the greater part of London's "commuter belt."

Furthermore the MTA should be in a stronger position than either the Department of Transport or GLC to obtain sufficient financial support from central government to invest in the road and rail networks. With a number of the new authority's members appointed by the Secretary of State, the Government would be tacitly recognising the select committee's claim that London's transport needs must be regarded as a "national priority," and that large amounts of money must be spent to remedy the situation.

*The select committee has* made a thorough and painstaking survey of London's transport needs and sensibly looked beyond the question of the financing of London Transport. With the most perfect of public transport systems, there would still be the need for substantial investment in London's roads—not least to ensure that bus services run efficiently. The proposal for a "roads priority action programme," which will run in tandem with the "London public transport action programme," is to be welcomed as it will provide the roads' infrastructure necessary for a modern capital city.

Schemes like the west London relief road around Earls Court and Chelsea could now be put back in the programme; it is only by building such roads that local environmental relief can be obtained and mobility for passengers and freight can be increased.

As the report concluded, London has consistently had a significantly lower expenditure on its roads than the rest of the country. For instance in 1978-79 *spending on new and* improved roads in London was £4.17 per head in the GLC area compared with £14.13 in the south-east and £13.02 in the UK outside the south-east.

In our evidence to the select committee we proposed an expenditure programme of £2.5bn over 15 years at 1979 prices. This averages out at £166m pa. which is similar to the sum spent on Welsh roads between 1977-79, and considerably less than the £207.9m spent on Scottish roads in the same period.

It is to be hoped that the Secretary of State will take heed of this report's recommendations. They are the result of the first comprehensive attempt to analyse London's total transport needs. With the *support* of central government the report shows the way towards a less congested, more efficient and pleasant environment in London.

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## Co-operation in Europe

*From Mr D. Benda*

Sir,—Your leader "Co-operation in electronics" (August 5) fails to indentify the underlying cause of Europe's failure to establish itself as an assertive international force—on a political, economic or, as is the case of electronics, on a technological level. There simply is no "common purpose Europe" as there is for the U.S.A. or Japan. The geographical proximity of EEC member states and the large and growing bureaucracy in Brussels are no match for the monolithic giants to the west and east of Europe. The unity of the EEC, so often proclaimed loudly in official statements, is only superficial and as such cannot withstand the test of reality. One could quote numerous examples of such failures including the one which you give.

The only way which could lead to a full realisation of Europe/EEC's potential is a comprehensive unification with the complete transfer of legislative and executive powers to truly European institutions. Nothing less than this arrangement of affairs will make Europe what the U.S. and Japan are today.

One fears, however, that this may be too much of a task for European politicians who, lacking vision and impotent to lead, only hide behind a veil of platitudes on the theme of unity. I fear, therefore, that the Esprit project will come to an end similar to that encountered by other projects designed "strengthen" Europe. This will be not because of an unwillingness on the part of those companies taking part but because national factors still strongly outweigh the considerations required for a truly European solution.

D. M. Benda.
*48 Kings Court,*
*Bishop's Stortford, Herts.*

## No conversion for gas

*From the Chairman, British Gas Corporation*

Sir,—Your "Men and Matters" *column (August 3) stated* that I was one of several people who had bought a specially converted Ford Granada from the Lancashire firm of Coleman Milne. Some of the cars were reported to be armour plated and bullet-proofed. I wish to make it clear that I have never *purchased such a car and I* have no intention of doing so.

(Sir) Denis Rooke
*Rivermill House,*
*152 Grosvenor Road, SW1*

# Johnson Matthey Bankers advances

Johnson Matthey Bankers, the banking and bullion-dealing subsidiary of the Johnson Matthey Group, increased pre-tax profits from £11.63m to £16.65m for the year ended March 31 1982.

Towards the end of the year, the issued share capital was increased to £40m by the capitalisation of £10m from reserve, and at the year-end shareholders' funds amounted to over £71m.

The 1981-82 pre-tax profit performance was a record for this banking group, exceeding the previous best performance of 1979-80, the boom bullion year, by 15 per cent, and last year's figure by 43 per cent.

In the parent bank, good results were derived from bullion dealing, in spite of relatively quiet conditions in world markets, and significant strides were made, and high earnings growth was achieved, by the general banking division.

The UK metal-trading subsidiary, an LME ring-dealer, performed well in extremely dull markets, and the overseas bullion-dealing subsidiaries in Hong Kong and New York produced excellent results, the latter company's performance being achieved in its first full year of operation.

# Unigate hoping for real progress

DESPITE SERIOUS problems, most of the Unigate group remains sound and vigorous, Mr John Clement, the chairman, says in his annual statement. "I am hoping for real progress to report next year," he tells shareholders of this broadly based consumer and industrial service group.

Mr Clement says the group's undoubted successes during the past year were eclipsed by a major setback in its traditional meat processing businesses and by the disastrous winter blizzards which affected all Unigate activities.

As reported on July 16, Unigate's pre-tax profit for the year to March 31, 1982, was £38.3m, up £300,000 on the previous year. Turnover advanced from £1.35bn to £1.5bn.

Mr Clement comments: "our result, a virtual standstill compared with last year's disappointing performance, was hardly one in which I can take pride: but it is important to look at it in perspective."

He says losses in the group's meat operations are largely responsible for the "unsatisfactory" 12 per cent trading profit on trading capital employed.

"We are determined progressively to raise this figure and to deal with underproductive assets," the chairman states.

This determination was exemplified by the closure of Scot Meat Products' factory at Bletchley, the cessation during the year of parts of Gillspur Motor Industries, and the disposal of the Excelsior Plastics and Central Distributors businesses of Wincanton Engineering.

He says "Principal priorities for the current year include the reconstruction of our meat businesses, using our considerable management and financial resources to best advantage. There are political and regulatory problems to tackle in our UK milk operations and all our businesses will continue to battle against a world-wide recession.

"Over the course of time we plan to increase our non-milk operations. Meanwhile, the merged St Ivel division continues to be a bulwark and our recognition of the need to support and bolster its profits is clear from the £32m spent during the year in the division on increased plant efficiency and expansion," says Mr Clement.

St Ivel is now based in new offices in Swindon, Wiltshire, with a new £26m factory in nearby Wootton Basset due for completion in 1984. This has enabled Unigate to close the 101-year-old factory in Melksham in phases starting in 1983.

The operational review in the annual report blames increasingly difficult meat markets and over-capacity for the troubles of Bowyers (Wiltshire), which made a loss of £3.5m. Firm management action has begun to rectify the situation, which includes the development of a wider range of added-value products as well as significantly improving productivity and operating efficiency.

Elsewhere in Unigate's meat holdings division, Turners Turkeys and new acquisition Clipper Seafoods have both shown strong growth potential.

The Wincanton transport, garages and engineering operations have together achieved a record year despite difficulties in the private and commercial vehicle markets.

Meeting, The Dorchester Hotel, W, September 8, noon.

## Mercantile House offer for sale

The prospectus for Mercantile House's offer for sale of 6m new ordinary shares at 375p is published today.

Mercantile's shares were suspended in June, following the proposed acquisition of Oppenheimer Holdings, a U.S. financial services company. This acquisition was approved by Mercantile House shareholders at an EGM on Friday.

Applications for the new shares must be received by August 19. Dealings are expected to resume shortly after that date.

Stockbrokers to the issue are Cazenove. Receiving bank is National Westminster.

See Lex

## Surmah payout awaits funding

An increased dividend of 4p against 1p net is recommended by Surmah Valley Tea for 1981, but this is subject to the receipt of funds from Bangladesh. The directors say that on receipt of the necessary funds, a further announcement will be made.

Pre-tax profit for the year doubled from £54,227 to £108,099 from turnover up from £733,196 to £904,218. There was a tax charge of £32,299, compared with £24,312. Earnings per 25p share climbed from 3.74p to 9.47p.

## Share stakes

Wheway Watson Holdings: Mr E. B. Jeynes, a director, has purchased 65,000 ordinary shares, increasing holding to 87,000 shares.

Altifund—Kuwait Investment Office holds 55,000 income shares (11.5 per cent).

Harlous Group—Mr. Michael Maimano has acquired 50,000 ordinary shares, increasing holding to 1,972,400 shares (9.2 per cent).

RIT—Mr Allard Jiskoot, a director of RIT and of RIT and Northern, has acquired a beneficial interest in 5,500 ordinary shares of RIT. He has also acquired beneficial interests in 15,000 shares of RIT and Northern, and in 43,000 warrants of RIT and Northern.

J. Bibby and Sons—Tiger Oats and National Milling has purchased 34,090 ordinary shares in J. Bibby for the purpose of restoring its holding to 30 per cent of that company's issued ordinary share capital.

Burton Group—Mr Ladislas Rice, a director, has sold 25,000 ordinary shares.

Vinten Group—Mr A. R. McMath, a director, has disposed of 65,000 ordinary shares reducing holding to 2,200 shares (0.012 per cent).

Marks & Spencer—D. D. Sieff, a director, has disposed of 15,000 ordinary shares.

Avon Rubber Company—Max Morel (Nominees) have acquired 35,000 ordinary shares. Before this acquisition, it held 340,000 ordinary shares (just over 5 per cent).

# Better year expected by CHI chairman

DESPITE THE unfavourable economic climate, Mr Tim Hearley, the chairman of C H Industrials says in his annual statement to shareholders that overall, he expects the current year to be more satisfactory.

As previously announced, pre-tax profits for the year to April 3, 1982 tumbled from £701,000 to £41,000, on turnover of £13.42m, against £14.78m. The dividend for the period is being cut from 2.42p to 1.4p per share.

The group structure is being reorganised into three divisional companies encompassing building chemical products, property development and investment and general industrial interests.

Mr Hearley believes further progress will be made within the building products division and he expects the property division to contribute profits at a higher level than last year. The general industrial side, however, is expected only to make a small contribution to group profits.

Through property sales and other actions planned during the current year, short term borrowings will be reduced and the board intends to ensure that total borrowings are kept to an *acceptable level in relation to* shareholders' funds.

At the year end, group shareholders funds totalled £5.93m (£6.02m). Net current assets dropped from £2.07m to £0.86m, while bank overdrafts were higher at £2.93m (£0.76m).

Meeting, The Inn on the Park, W, September 9, at 11.30 am.

# Personal pensions hold sales growth

BY ERIC SHORT

GENERAL insurance business in the UK is going through a sticky patch as the first composite assurance companies' reports on half-year results for 1982 illustrate clearly.

In contrast the life assurance side appears to be holding its own in spite of the continuing recession, according to figures last week by the three life associations—the Life Offices Association, the Associated Scottish Life Offices and the Industrial Life Offices Association.

Annual premiums on individual life business and personal pension contracts increased 5 per cent compared with the first half of 1981 from £461m to £486m. Single premiums rose 15 per cent from £631m to £724m.

Such figures are quite modest although they seem glamorous alongside the poor general insurance results. But they show that life and personal pension sales have held their growth of recent years.

A more detailed analysis of the figures shows a variant growth pattern between the different sectors with some parts doing well and others remaining stagnant.

One growth area is personal pensions, sold mainly to the self-employed but available to employed people not in a company scheme.

This Government has encouraged the self-employed to set aside more of their earnings towards their pension by giving them substantial additional tax concessions on contributions. Sales of personal pension contracts have risen steadily since the 1980 Finance Act which contained the first batch of concessions.

First-half figures for these contracts showed annual premiums up 21 per cent from £73m in 1981 to £88m and single premiums up 23 per cent from £117m to £144m. Such figures show there is still plenty of growth in the personal pensions sector.

The growth in annual premium pension business was equally strong in both traditional contracts and unit-linked schemes, but linked schemes maintained a much higher rate in single premium business, rising 48 per cent from £25.1m to £37.2m.

*More than one third of new annual premiums in personal pension business and more than one quarter of single premiums now come from the unit-linked side.*

In contrast the growth in life business transacted by the linked side showed considerably in the first half after years of steady and sometimes phenomenal growth. Annual premiums at £99.5m were 12 per cent up but single premiums £286m were only 9 per cent higer than last year's record sales.

This deceleration in growth of linked-life business was seen in the half-yearly results of Hambro Life, the largest linked-life company in the UK. Its annual premiums rose 9 per cent to £35.6m, its single premiums by 2 per cent to £53.7m.

The market waits to see whether this slackening is just a pause in the steady growth of linked business or whether growth rates will be much lower in future because of competition with unit trust and other forms of savings.

*Traditional ordinary* individual life business was 3 per cent down from the first half of 1981, with new annual premiums amounting to £186m.

The mortgage market has remained dull in the period, really only starting to pick up last month, while the with-profit endowment seems to have lost its attractiveness as a long-term savings contract.

Industrial life business, involving the collection of premiums by agents from policyowners' homes, has started to pick up after a stagnant year in 1981. This sector, which traditionally serves the blue-collar market, saw annual premiums rise 5 per cent to £112.8m, a modest improvement on last year's nil growth.

Of the handful of life companies to publish their half-year results, Equitable Life recorded a rise of one-fifth in annual premiums at one end of the scale, while at the other General Accident recorded a drop of 14 per cent.

## BOARD MEETINGS

TODAY

Interims—Charles Baynes, Dares Estates, Royal Insurance, Scottish Eastern Investment Trust.

Finals—Howard Shuttering, Impala Platinum, Reardon Smith, Vibroplant.

FUTURE DATES

| | |
|---|---|
| **Interims—** | |
| American Trust | Aug 24 |
| Charterhouse Petroleum | Aug 26 |
| English and Scottish Investors | Aug 18 |
| General Mining Union Corp. | Sept 2 |
| Jeavons Engineering | Sept 7 |
| Phicom | Aug 17 |
| Rotork | Aug 26 |
| Trade Indemnity | Sept 14 |
| Waymouths | Sept 26 |
| Yorkshire Chemical | Aug 27 |
| **Finals—** | |
| Aberdeen | Aug 17 |
| Boardman (K. O.) International | Aug 19 |
| Dale Electric International | Aug 19 |
| Doulton (Robert M.) | Sept 1 |
| Parkfield Foundries | Sept 1 |
| Raybeck | Aug 27 |
| Reliance Knitwear | Aug 18 |
| Saville Gordon (J.) | Aug 19 |

† Amended.

## RESULTS AND ACCOUNTS IN BRIEF

STROUD RILEY DRUMMOND (textile manufacturer)—Results for year ended March 31 1982 reported July 20. Group fixed assets £6.42m (£4.51m), current liabilities £4.99m (£2.91m). Shareholders' funds £5.78m (£5.3m). Working capital increased £208,000 (£1,000). Chairman says order book in all divisions is at a very satisfactory level and substantially above that of a year ago. Meeting, Bingley, September 3, 11.30 am.

SHEAFBANK PROPERTY TRUST (formerly Wilson Peck)—Results for year to March 31 1982: profit £7,183 (£38,917 loss) including tax credit £4,463 (charge £351): earnings per 25p share 0.13p (loss 1.51p): attributable loss £32,397 (profits £71,338) including property subsidiaries profits £30,391 and music business loss £68,633 including all closure costs: extraordinary debits—including written off goodwill—£1.22m, closure of music business and related costs £37,435; minority £819.

CSC INVESTMENT TRUST—Gross revenue for six months to June 30 1982 £125,031 (£116,701); loan and bank interest charges £62,513 (£46,125); administration expenses £11,423 (£11,536); directors' fees £2,450 (same); tax £17,512 (£16,991); net revenue £31,133 (£39,649). Net asset value per 25p share 91.7p (143.5p): valuation of investments £2.59m (£2.93m). Interim dividend 3.25p net already announced.

MURRAY NORTHERN INVESTMENT TRUST—Results for year to May 31 1982 reported July 14. Investments £33.61m (£32.23m). Net current liabilities £5.66m (£0.14m assets). Debenture and loan debt £3.5m (£1.1m). Equity shareholders' interest £29.19m (£30.84m). Liquidity increased £2.52m (£0.91m decrease). Meeting, Glasgow, September 13, 10.30 am.

MAGNET & SOUTHERNS (prepared joinery, doors and ancillary products)—Results for the year to March 31 1982 reported July 14. Ordinary shareholders' funds £95.77m (£86.77m). Fixed assets £61.22m (£57.81m). Current assets £83.57m (£74.63m), including bank balances £3.009 (£3.64m) and short dated Government stocks £10.15m (£5.13m). Current liabilities £73.64m (£31.39m), including bank overdrafts £10.29m (£2.78m). Chairman says long term prospects remain excellent and short term prospects are better than a year ago. He adds that provided present trends continue the group will have a better year. Meeting, Manchester, September 16, noon.

OSPREY ASSETS—Results for period from June 9, 1981 to June 30, 1982: gross revenue £72,132, expenses £4,710, pre-tax revenue £67,422, tax £29,262. Franked income £5,560, unfranked income £63,529. Net asset value per share at June 30, 1982 was 29.77p.

LONDON INVESTMENT TRUST—Results for year to March 31 1982 reported July 22. Shareholders' funds £7.51m (£7.25m): fixed assets £60,000 (£65,000); net current assets £4.02m (£3.15m). Increase in bank balances and short term deposits £51,000 (£2.00m): decrease in bank overdraft £51,000 (£245,000). Meeting, Chartered Accountants Hall, Moorgate Place, EC, September 9, at noon.

H&T GROUP (supplier of specialist services and materials)—Results for year to February 28 1982 reported on July 14. Shareholders' funds £29.87m (£28.73m): fixed assets £17.69m (£16.67m): current assets £34.78m (£24.82m) including cash at bank and in hand £10.91m (£2.5m): net current assets £12.62m (£7.44m). Mr Alfred Tolley is stepping down as chairman in November and his successor will be Mr D. M. Tolley. Meeting, Wrington, Avon, September 7, at noon.

BURMA MINES—Dividends and interest, including tax credit, £68,941 (£72,690) for six months to June 30 1982. Underwriting commission £565 (nil), expenses £10,866 (£10,743), pre-tax revenue £54,662 (£61,941), tax £17,425 (£20,457). Net asset value per share 13.4p (16.6p).

ASTRA INDUSTRIAL GROUP (engineering, metals, leisure, property and investment)—Results for year to April 30, 1982 reported July 8. Properties £3.46m (£2.15m), other fixed assets £2.66m (£1.49m), investments £0.54m (£0.2m). Current assets £4.03m (£3.11m), current liabilities £3.28m (£2.13m). Shareholders' funds £7.42m (£5.18m). Meeting, Birmingham, September 6, noon.

ALLNATT LONDON PROPERTIES—Results for year to March 31, 1982 reported July 14. Fixed assets £47.49m (£44.57m). Current assets £3.35m (£1.64m). Current liabilities £3.29m (£4.78m). Shareholders' funds £36.86m (£21.39m). Chairman says current year's pre-tax profit will exceed £8.5m. Meeting, Winchester House, Old Broad Street, EC, September 7, noon.

ELECTROCOMPONENTS (distributor of electrical and electronic components)—Results for year to March 31, 1982 reported August 13. Shareholders' funds £33.07m (£26.32m): fixed assets £5.58m (£3.96m): net current assets £27.09m (£21.89m). Meeting: Great Eastern Hotel, EC, September 8, at noon.

RFD GROUP (cable components, defence, safety and survival equipment and textiles)—Results for year ended March 31 1982 reported July 21. Ordinary shareholders' interests £11.58m (£11.12m). Net current assets £5.86m (£5.28m). Net increase in working capital and cash £679,000 (£387,000). Net inflow of funds £2.09m (£109,000). Meeting, Winchester House, EC, September 17, noon.

DAEJAN HOLDINGS (property company)—Results for year to March 31 1982 reported July 15. Properties held for investment £85.09m (£52.99m)—properties held for trading £15.85m (£15.32m); current assets £7.2m (£5.98m); current liabilities £11.85m (£11.57m); loans £41.01m (£40.7m). Shareholders' funds £58.61m (£23.64m). A professional revaluation of group's UK properties was carried out at January 31, 1982 and a surplus of £33m over previous book values has been transferred to capital reserve. Meeting, Centre Point, WC, September 9, noon.

STOCK CONVERSION AND INVESTMENT TRUST (property, investment, insurance broking)—Results for year to March 31 1982 reported July 12. Pre-tax revenue £13.01m (£10.99m). Investments £252.63m (£145.01m). Current assets £40.36m (£35.21m). Current liabilities £24.57m (£21.44m). Shareholders' funds £230.27m (£126.73m). Auditors point out that company has not estimated the amount of tax on capital gains, which would become payable upon present legislation in the event of future sales of the properties or shares in subsidiary and associated companies at the amounts at which they are stated in the accounts. Meeting, Cafe Royal, W, September 16, noon.

PATERSON JENKS (manufacturer of food products)—Results for year to March 27, 1982 reported July 1. Group fixed assets £1.8m (£1.91m). Net current assets £3.75m (£2.73m). Shareholders' funds [illegible] (£4.9m). Decrease in borrowing £298,000 (£653,000). Net increase in working capital £495,000 (£1.35m decrease). Meeting, High Wycombe, September 8, 12.15 pm.

CAPITAL RESERVE FUND—Net revenue for year to June 29 1982 £35,291 (£27,812); no final dividend (same) making 3.5p (3.2p) for year. Earnings per share stated as 2.72326p (3.22734p). Tax £300 (same). Net asset value per share £14.985 (£13.2745).

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount paid up | Latest renunc. date | 1982 High | 1982 Low | Stock | Closing price p | + or − | Div. | Times covered | Gross yield | P/E ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ‡‡ | F.P. | — | 45 | 37 | Anglo Nordic 5p | 37 | | b0.89 | 2.0 | 3.4 | 25.5 |
| ‡‡ | F.P. | — | 82½ | 75 | Antofagasta Hldgs (£1) | 75 | −3 | 7.0 | 3.6 | 13.3 | 2.3 |
| ‡‡ | F.P. | 30/7 | 30½ | 17 | Argyll Foods Warr'ts | 17 | | | | | |
| 145 | F.P. | — | 40 | 34 | Atlantis Res. Int. | 35 | | | | | |
| ‡‡ | F.P. | — | 29 | 24 | Beradin Holdings 5p | 24 | | 0.65 | 1.3 | 3.9 | 25.5 |
| ‡‡ | F.P. | 7/9 | 65 | 49 | ✦Bio-Isolates 10p | 63 | +2 | | | | |
| 155 | F.P. | — | 43 | 38 | ✦Coleman Mine 10p | 43 | | u1.5 | 3.2 | 5.0 | 6.9 |
| ‡‡ | F.P. | 29/11 | 106 | 96 | ✦Ecobno New Ord £1 | 96 | | bd1.1 | 1.8 | 15.6 | 4.3 |
| ‡‡ | F.P. | — | 63 | 57 | ✦ Do. Defd | 57 | | | | | |
| 80 | F.P. | — | 58 | 48 | ✦Hudson Pet. Int. 5p | 52 | | | | | |
| 110 | F.P. | 17/9 | 182 | 150 | ✦Int'europeTech. 5p | 160 | −2 | u4.0 | 1.6 | 3.6 | 22.4 |
| 160 | F.P. | 6/8 | 60 | 49 | ✦Knight Cmptr Int5p | 49 | | bd1.6 | 3.0 | 4.7 | 15.6 |
| 157 | F.P. | 30/7 | 195 | 150 | ✦McCarthy&Stone | 166 | +6 | b5.75 | 3.7 | 4.9 | 11.1 |
| 160 | F.P. | 27/8 | 171 | 153 | Multitone Elect. | 169 | | u2.52 | 3.4 | 2.1 | 12.1 |
| ‡‡ | F.P. | — | 178 | 170 | Pactrol Electronics | 178xr | | F3.5 | — | 2.9 | — |
| ‡‡ | F.P. | — | 28 | 20 | RIT & NorthernWar'ts | 21 | | | | | |
| ‡‡ | F.P. | — | 36½ | 31 | Rowe Evans Inv. 10p | 31 | | | | | |
| ‡‡ | F.P. | — | 31 | 31 | ✦Sheraton Secs 10p | 31 | | | | | |
| ‡‡ | F.P. | — | 44 | 37 | ✦Walker (Alfred) 10p | 38 | | | | | |
| ‡‡ | F.P. | — | 38 | 28 | ✦Yelverton Invs. 5p | 28 | | b0.75 | 6.3 | 2.6 | 7.1 |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest renunc. date | 1982 High | 1982 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| ¶¶ | F.P. | — | 60p | 52p | Antofagasta 5.5% Pref.(£1) | 52p | |
| 99.528 | £20 | — | 23 | 21¼ | Australia 13⅜% Ln. 2010 | 22 | +⅛ |
| 100 | F.P. | 29/7 | 100⅜ | 95 | Cronite 14¼% Cnv. Uns. Ln. '92 | 96 | |
| 99.75 | F.P. | — | 101 | 99 | Nationwide Bldg. Soc. 11⅞% (15/8/83) | 100⅛ | −⅛ |
| 99.345 | £25 | — | 30½ | 24¾ | New Zealand 14⅞% 1987 | 30 | |
| 100 | £25 | 9/9 | 32 | 29 | Portsmouth Water 14% Red. Deb. '92 | 29 | −1 |
| ‡‡ | F.P. | 3/9 | 82 | 82 | Smurfit Jefferson Pref. Units 8p | 82 | |
| 100 | £10 | 17/11 | 14¼ | 13¼ | West Kent Water 8¾% Red. Pref. 87-89 | 14½ | |

### "RIGHTS" OFFERS

| Issue price p | Amount paid up | Latest renunc. date | | 1982 High | 1982 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 180 | Nil | — | — | 50pm | 44pm | Automated Security 10p | 50pm | |
| 110 | Nil | — | — | 40pm | 27pm | Berkeley Exploration £1 | 40pm | |
| 105 | F.P. | 6/8 | 17/9 | 122 | 117 | Blundell-Permoglaze | 118 | |
| 75 | F.P. | 2/8 | 17/9 | 94 | 80 | Goal Pet. 5p | 87 | |
| 25 | F.P. | 2/8 | 2/9 | 32 | 26 | Jenks & Cattell | 26 | |
| 60 | F.P. | 30/7 | 20/8 | 81 | 73 | Minster Assets | 81 | |
| 78 | Nil | — | — | 100pm | 92pm | Pactrol Electronics | 98pm | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. † Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✦ With warrants. †† Dealings under special Rule. ✦ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). †† Unit comprising five ordinary and three Cap. shares. ¶ Issued free as an entitlement to ordinary holders.

## PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

| | Date | Announcement last year |
|---|---|---|
| Adwest | Sept 25 | Final 5.4 |
| APV | Sept 22 | Interim 2.8 |
| *Associated Dairies | Aug 25 | Final 2 |
| Babcock Int. | Sept 2 | Interim 3.4 |
| Bank of Scotland | Sept 22 | Interim 10 |
| Barratt Developmts | Sept 22 | Final 8.85 |
| *BBA | Sept 28 | Interim 0.84 |
| BET | Sept 3 | Final 5.709 |
| *BICC | Sept 8 | Interim 3.25 |
| *Blundell | Sept 29 | Interim 3.75 |
| BP | Sept 8 | Interim 8 |
| BTR | Sept 10 | Interim 4.25 |
| Barrow Hepburn | Sept 15 | Interim 0.8 |
| Blue Circle Industries | Aug 26 | Interim 5.75 |
| Booker McConnel | Sept 17 | Interim 1.375 |
| Bowater | Sept 9 | Interim 4.25 |
| British Aerospace | Sept 15 | Interim 3.0 |
| British Vita | Sept 1 | Interim 2.7 |
| Bunzl | Sept 16 | Interim 4.5 |
| Burmah | Sept 16 | Interim 1.5 |
| Cadbury Schweppes | Sept 3 | Interim 1.33 |
| Charterhouse Group | Sept 3 | Interim 1.25 |
| Comben | Aug 26 | Interim 1.2 |
| Commercial Bank Aust | Aug 13 | Final due |
| Cons. Gold Fields | Sept 15 | Final 16.0 |
| *Coral | Aug 19 | Interim 1.25 |
| Costain | Sept 2 | Interim 4.5 |
| Croda Int. | Sept 15 | Interim 1.5 |
| DRG | Sept 22 | Interim 3 |
| De Beers | Aug 18 | Interim 25c |
| Delta | Sept 16 | Interim 1.82 |
| Dunlop | Sept 24 | Interim 2 |
| Eagle Star | Sept 16 | Interim 7.0 |
| Espanet Int. | Sept 15 | Interim 3.0 |
| Fisons | Sept 21 | Interim 4.0 |
| *Gold Fields SA | Aug 17 | Final 320c |
| *GRE | Sept 1 | Interim 6.75 |
| GKN | Sept 17 | Interim 2.0 |
| Guinness Peat | Sept 11 | Final 1.25 |
| Hadson | Sept 24 | Final 2 |
| Hawley Group | Aug 26 | Interim 1.1 |
| Hepworth Ceramic | Sept 10 | Interim 2.25 |
| *Highlands | Aug 26 | Interim 2.0 |
| *HK & Shanghai Banking | Aug 24 | Int HK$0.21 |
| *House of Fraser | Sept 29 | Interim 2.0 |
| *IMI | Sept 3 | Interim 2.0 |
| KCA Int. | Sept 17 | Interim 2.76 |
| Kleinwort Benson | Sept 22 | Interim 3 |
| *Ladbroke | Aug 31 | Interim 3.605 |
| Laporte | Sept 22 | Interim 3.5 |
| Lead Industs | Sept 10 | Interim 3.7 |
| Legal & General Assurance | Sept 16 | Interim 4.0 |
| London Mchnt. Securities | Sept 15 | Final 0.72 |
| Menzies (J.) | Sept 22 | Interim 1.45 |
| Mills and Allen | Sept 23 | Final 15 |
| NEI | Sept 22 | Interim 1.375 |
| Nurdin and Peacock | Sept 8 | Interim 1.125 |
| *Pearl Assurance | Aug 25 | Interim 8.5 |
| Pearson (S.) | Sept 14 | Interim 3.75 |
| *P & O | Sept 8 | Interim 3.0 |
| Phoenix Assurance | Sept 2 | Interim 7.3 |
| Prudential | Sept 10 | Interim 4.5 |
| Ransome Sims & Jefferies | Sept 21 | Interim 3.14 |
| *Raybeck | Aug 27 | Final 1.131 |
| Reckitt and Colman | Sept 8 | Interim 3.8 |
| *Rentokil | Aug 19 | Interim 1.05 |
| RTZ | Sept 16 | Interim 5.5 |
| Rowntree Mackintosh | Sept 24 | Interim 2.7 |
| *Royal Dutch Petroleum | Aug 18 | Int Fl 3.00 |
| *Royal Insurance | Aug 18 | Interim 9.75 |
| *Securicor | Aug 18 | Interim 0.55 |
| Sedgwick | Sept 10 | Interim 2.25 |
| *Shell Transport | Aug 18 | Interim 8.0 |
| Sime Darby | Aug 27 | Final 17 |
| Simon Engineering | Sept 21 | Interim 4 |
| Slough Estates | Aug 26 | Interim 1.25 |
| Standard and Chartd. Bk | Sept 8 | Interim 13.8 |
| Steetley | Sept 17 | Interim 4.0 |
| *Sun Alliance | Sept 1 | Interim 19.5 |
| *Taylor Woodrow | Aug 19 | Interim 3.15 |
| Travis and Arnold | Sept 15 | Interim due |
| *Tricentrol | Sept 10 | Interim 0.64 |
| *Turner and Newall | Sept 2 | Interim due |
| United Biscuits | Sept 10 | Interim 2.25 |
| United Newspapers | Sept 22 | Interim 4.5 |
| UDS | Sept 17 | Interim 2.8 |
| *Wagon Finance | Aug 27 | Interim 0.625 |
| Weir | Sept 2 | Interim 0.1 |
| Willis Faber | Sept 15 | Interim 4.3 |
| Wimpey (George) | Sept 24 | Interim 0.85 |
| *Yorkshire Chemicals | Aug 27 | Interim nil |

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

# FT Share Information

The following securities have been added to the Share Information Service:—

Dencora (Section: Property)

Oilfield Inspection Services (Oil and Gas)

UU Textiles (Textiles)

## CENTREWAY

Agreement has been reached whereby Centreway Industries (CI) is to acquire from Centreway Trust (CT) — subject to the approval of the independent ordinary shareholders of CI and the ordinary holders of CT — the freeholds of certain garage properties, owned by CT, but occupied under leases by subsidiaries of CI. The consideration is £605,000 cash.

# No decision on Quartz Hill before 1984

IT IS reported from Anchorage, that the Rio Tinto-Zinc group's U.S. Borax subsidiary will not make a decision until 1984 on whether to take to production the big Quartz Hill polybdenum prospect on the southern tip of the Alaska Panhandle.

Mr Jack Colvin, the U.S. Borax land department manager, said that the earliest that the mine could reach production would be 1987 and the company would seek a two-year option on a site in western Washington for a $40m (£23.5m) plant to process molybdenum.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 11½% | Grindlays Bank | ‡11½% |
| Allied Irish Bank | 11½% | ■ Guinness Mahon | 11½% |
| Amro Bank | 11½% | ■ Hambros Bank | 11½% |
| Henry Ansbacher | 11½% | Hargrave Secs. Ltd. | 11½% |
| Arbuthnot Latham | 11½% | Heritable & Gen. Trust | 11½% |
| Associates Cap. Corp. | 12 % | ■ Hill Samuel | §11½% |
| Banco de Bilbao | 11½% | C. Hoare & Co. | †11½% |
| BCCI | 11½% | Hongkong & Shanghai | 11½% |
| Bank Hapoalim BM | 11½% | Kingsnorth Trust Ltd. | 13 % |
| Bank of Ireland | 11½% | Knowsley & Co. Ltd. | 12 % |
| Bank Leumi (UK) plc | 11½% | Lloyds Bank | 11½% |
| Bank of Cyprus | 11½% | Mallinhall Limited | 11½% |
| Bank Street Sec. Ltd. | 13 % | Edward Manson & Co. | 13 % |
| Bank of N.S.W. | 11½% | Midland Bank | 11½% |
| Banque Belge Ltd. | 11½% | ■ Samuel Montagu | 11½% |
| Banque du Rhone | 12 % | ■ Morgan Grenfell | 11½% |
| Barclays Bank | 11½% | National Westminster | 11½% |
| Beneficial Trust Ltd. | 12½% | Norwich General Trust | 11½% |
| Bremar Holdings Ltd. | 12½% | P. S. Refson & Co. | 11½% |
| Brit. Bank of Mid. East | 11½% | Roxburghe Guarantee | 12 % |
| ■ Brown Shipley | 11½% | Slavenburg's Bank | 11½% |
| Canada Perm't Trust | 12 % | Standard Chartered | 11½% |
| Castle Court Trust Ltd. | 12 % | Trade Dev. Bank | 11½% |
| Cavendish G'ty T'st Ltd. | 13 % | Trustee Savings Bank | 11½% |
| Cayzer Ltd. | 11½% | TCB | 11½% |
| Cedar Holdings | 12 % | United Bank of Kuwait | 11½% |
| ■ Charterhouse Japhet | 11½% | Volkskas Intl. Ltd. | 11½% |
| Choulartons | 12 % | Whiteaway Laidlaw | 12 % |
| Citibank Savings | §12 % | Williams & Glyn's | 11½% |
| Clydesdale Bank | 11½% | Wintrust Secs. Ltd. | 11½% |
| C. E. Coates | 12½% | Yorkshire Bank | 11½% |
| Comm. Bk. of N. East | 11½% | | |
| Consolidated Credits | 11½% | | |
| Co-operative Bank | *11½% | | |
| Corinthian Secs. | 11½% | | |
| The Cyprus Popular Bk. | 11½% | | |
| Duncan Lawrie | 11½% | | |
| Eagil Trust | 11½% | | |
| E.T. Trust | 11½% | | |
| Exeter Trust Ltd. | 12½% | | |
| First Nat. Fin. Corp. | 14½% | | |
| First Nat. Secs. Ltd. | 14 % | | |
| Robert Fraser | 12½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.5%, 1 month 8.75%. Short term £8,000/12 month 11.1%.
† 7-day deposits on sums of: under £10,000 8½%, £10,000 up to £50,000 9¼%, £50,000 and over 10%.
‡ Call deposits £1,000 and over 8½%.
¶ 21-day deposits over £1,000 9½%.
§ Demand deposits 8½%.
¶ Mortgage base rate.

CREDITS

# Mexico's debt crisis overshadows other problem borrowers

MEXICO'S deepening financial crisis has now overshadowed the problems of all other sovereign borrowers and the imposition by the Mexican Government of exchange controls last Friday capped a week of steadily mounting concern.

The latest measures, including the shut-down of all foreign exchange transactions in Mexico, came only seven days after the introduction of a new two-tier exchange system. This system, with its preferential rate of around 49 pesos to the dollar, evidently failed to stem the outflow of dollars.

When the two-tier system was introduced it led to an immediate devaluation of over 30 per cent as the peso-dollar parity shifted to more than 70 pesos to the dollar. The preferential rate was to be available only for essential imports and for the repayment of interest on foreign debt by Mexico's private sector but not for private sector principal repayments.

The first reaction to this was the start of debt rescheduling talks between a number of private sector companies and their foreign banks. Some of them, insufficiently capitalised and with large dollar debt outstanding, would have had to reschedule anyway—the soaring cost of principal repayments made rescheduling all the more urgent.

Before the Mexican authorities could detail the new two-tier system, however, they turned standing policy on its head and announced exchange controls. Foreign currency may not be transferred out of the country, dollar bank accounts in Mexico are no longer accessible by account holders—only pesos may be withdrawn at the rate of 69.5 pesos to the dollar. All foreign exchange and precious metal trading has been suspended.

All of this went deeply against the position of the Banco de Mexico, the central bank, which has argued for months that no exchange controls of any sort would be acceptable, even as an emergency temporary measure.

By Friday evening bankers in London, New York and Mexico City were describing the crisis as alarming. They spoke of the latest extreme measures as a desperate effort to avoid going to the International Monetary Fund, but most thought Mexico would eventually have to face the IMF.

Several bankers with large outstanding loans to Mexico have begun to raise the prospect of limited public sector rescheduling. "The Government seems to have run out of dollars," said one banker.

The last jumbo Mexican credit effort earlier this summer resulted in a sell-down of less than $400m on a $2.5bn deal. In London, Banamex is working hard to complete a tiny $150m six to 12 month credit for Mexico—this would meet less than two days of the country's massive borrowing requirement.

Mexico has $80bn of public and private sector external debt; around $60bn of this is public sector foreign debt. Borrowings of at least $25bn are needed this year, but bankers are no longer willing merely to accept higher spreads on Mexican credits: they want reassurances that the economic crisis has been resolved.

Meanwhile, in Poland, it appears that four days of talks in Warsaw between Polish officials and a group of eight bankers representing Poland's 500 Western commercial bank creditors have produced some progress. Bankers last week voiced hopes that they were on the way to some form of preliminary agreement within the next few weeks.

From Italy comes word that IMI, the state financing agency, is in the market with a $250m two-tranche credit. Chase Manhattan, Security Pacific and Continental Illinois are assembling the management group. The first tranche is a $150m five-year portion bearing a spread of ⅞ per cent over the U.S. prime rate for two years and ¾ per cent thereafter. The second portion, also over prime, provides an eight-year ¾ per cent throughout.

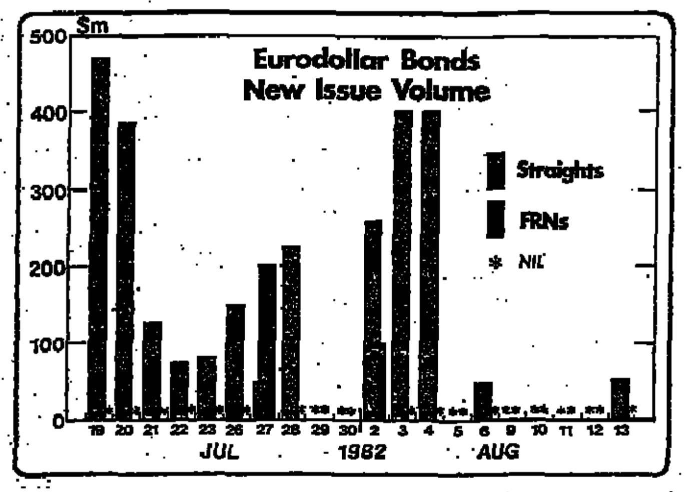
Ferrovie dell Stato, the Italian state railway authority, has succeeded with its £100m sterling credit led by S. G. Warburg.

**Alan Friedman**

INTERNATIONAL BONDS

# Concern over U.S. tax proposals

CONFUSION AND concern gripped the Eurodollar bond market at the end of last week as a series of rumours circulated about the impact of pending U.S. tax legislation on new issues such as Du Pont, IBM, Xerox, and others.




The concern mounted to such an extent that Morgan Guaranty, as lead-manager of the IBM and Du Pont bonds, dispatched a special telex to co-managers of the IBM paper and to both managers and underwriters of the Du Pont issue.

The worries revolve around "The Tax Equity and Fiscal Responsibility Act of 1982"—the Reagan Administration's omnibus legislation designed to raise an extra $100bn in taxes. One small portion of the legislation, which is now the subject of House-Senate conference negotiation, refers to bearer bonds, and it is this section which led to alarm last week.

The section comes under the rubric of "increased compliance measures," a series of provisions designed to capture $30bn in additional taxes for the U.S. Government through more stringent regulation and monitoring of American business.

The information which has reached Europe largely concerns the Senate version of the Bill, which is now being altered by Congressional staff in conference committee. This version would ban the use of U.S. paying agents for bearer bonds, would impose a strict reporting requirement on issuers of bearer bonds so that they could be forced to disclose bondholders' identities, and, most upsetting, would forbid the payment of interest or principal to "U.S. persons" holding bearer bonds.

Lobbyists for the U.S. securities industry last week spent long hours in Washington trying to get all this changed, and there were signs on Friday that they may well have succeeded.

One compromise likely to be put to the Joint Committee on Taxation would allow exemptions for U.S. corporate borrowers wishing to issue bearer Eurobonds through a Netherlands Antilles finance subsidiary.

"Bankers tend to panic rather than to read. They have misunderstood what we are doing. Our rules only apply to U.S. corporations issuing in the U.S.", according to one member of the committee's staff.

This view was hotly contested by New York and European bond houses, which are worried about the final wording, which is due to be drafted this week.

The Morgan Guaranty telex, sent on Friday after warrants had become unsaleable and new issue activity had dried, said that if there was a change in the U.S. tax law which imposed a cost to the Eurobond issuer, then noteholders will be asked to take one of the three following courses of action:

- They can certify they are not a U.S. person for the purposes of receiving principal or interest payments;
- or investors may exchange bearer bonds for registered paper (thus complying with the possible new U.S. law);
- or investors may shift their bond deposits from New York to a European clearing system.

If problems persist after the tax law is enacted, IBM and Du Pont will have the right to call the bonds and warrants back immediately at issue price. This is Morgan's carefully worded contingency plan.

What will be the eventual outcome? The Euromarket has learned by now never to second-guess the movements of the U.S. Government when it comes to budget deficits, credit markets or regulatory measures. But some knowledgeable bankers believe the U.S. legislation will be toned down and will not threaten the workings of the Eurobond market. At worst, these optimists feel that U.S. bondholders may have to find non-U.S. paying agents—scarcely a difficult prospect for American investors sophisticated enough to hold Eurobonds.

Trading of seasoned Eurodollar bond issues picked up late last week and prices were up ¼-½ point by Friday. The news of U.S. prime rate cuts to 14½ per cent should be welcome, and the six-month Eurodollar deposit rate seemed to be heading below 13 per cent on Friday evening.

In the Euro D-Mark sector WestLB said it was withdrawing a planned DM 100m issue for ENEL, the Italian state electric utility. Some managers said it was a matter of "technical documentation" while others said ENEL did not wish to pay a 10 per cent coupon, representing a premium of 1 per cent over top names in the the D-Mark sector.

The Enel news came only 24 hours after Soditic said in Switzerland it had withdrawn a planned SwFr 100m issue for Ferrovie, the Italian state railway. The Bank of Italy said on Thursday it had advised Ferrovie not to proceed with an 8 per cent coupon, which would have represented a hefty premium in the Swiss market.

**A.F.**

JAPANESE BONDS

# Raising of yields fails to impress

UNLESS THE Japanese bond market is saved by some "divine wind," conditions are likely to continue to deteriorate further in coming months. A decision to boost the yields on long-term bonds, taken two weeks ago has failed to impress the market.

The Finance Ministry is faced with the dilemma of having more bonds to float this year than it originally intended, under market conditions much worse than anyone expected. The oversupply of bonds has come about because it had been anticipated that tax revenues for the year ending March 31, 1983 would fall seriously short—perhaps by as much as Y5,000bn ($19bn). The market's general malaise is due to a steady devaluation of the yen, which last week touched a 28-month low of Y264 to the dollar.

Conditions in the market forced the authorities to cancel an issue of 10-year bonds in July, after underwriters refused to absorb bonds at prevailing new issue terms more than 1 per cent below secondary market yields.

In order to float Y800bn in bonds this month the Finance Ministry agreed to a 0.5 per cent jump in the coupon rate to 8 per cent, which raised the yield to 8.274 per cent. At the end of last week, however, the secondary market for older "8 per cent" bonds was hovering around 8.7 per cent. Underwriters indicated on Friday that they would seek a further rise in coupons for September issues of government bonds, bar any sudden improvement in the market.

The government will be understandably reluctant to raise rates again. A rise in bond coupons almost automatically leads to an across the board jump in other long-term interest rates, including the long-term lending rate.

Pressure eventually will build, as long term rates rise, for increases in shorter-term deposit rates, all of which are strictly controlled and keyed to the Bank of Japan's official discount rate (currently 5.5 per cent). The government would prefer to see interest rates decline.

The market could be bailed out by a sudden surge in the Japanese economy, which would improve the outlook for tax revenues. Alternatively, the market might rally if the yen were to recover suddenly (on, say, a drop in U.S. interest rates).

The chances of either of these things occurring may be roughly the same as the odds that a Kamikaze (divine wind) which defeated a Mongol invasion of Japan several hundred years ago, will blow up again at the right time.

**Richard Hanson**

## CURRENT INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **U.S. DOLLARS** | | | | | | | |
| Pac. Gas and Electric‡ | 60 | 1990 | 8 | 14½ | 100 | CSFB | 14.750 |
| Am Natural Resources¶‡ | 50 | 1989 | 7 | 15⅜ | 100 | Goldman Sachs | 15.375 |
| First Chicago Nat. Bk.†† | 100 | 1994 | 12 | 5¼† | 100 | Salomon Bros. | — |
| Du Pont¶‡ | 200 | 1989 | 7 | 14⅛ | 100 | Morgan Gty., CSFB, Morgan Stanley | 14.125 |
| Sperry Corpn.‡ | 100 | 1989 | 7 | 15 | 100 | Blyth Eastman Paine Webber | 15.000 |
| Xerox¶‡ | 100 | 1987 | 5 | 14 | 100 | Salomon Bros., Goldman Sachs | 14.000 |
| Deutsche Bank‡ | 300 | 1989 | 7 | 14¼ | 100 | Deutsche Bank, CSFB Merrill Lynch | 14.250 |
| Manufrs. Hanover§‡ | 100 | 1986 | 4 | 13½ | 100 | Goldman Sachs | 13.500 |
| Sthn. Cal. Gas‡ | 50 | 1989 | 7 | 15 | 100 | Morgan Stanley | 15.000 |
| IADB††‡ | 200 | 1992 | 10 | 14½ | 99½ | Goldman Sachs | 14.720 |
| Giro Centrale‡ | 50 | 1989 | 7 | 15½ | * | CSFB, Morgan Stanley | |
| **CANADIAN DOLLARS** | | | | | | | |
| BC Telephone‡ | 50 | 1988 | 6 | 17¼ | 100 | Orion Royal, Pitfield Mackay Ross | 17.250 |
| Prov. of Quebec‡ | 50 | 1988 | 6 | 16¾ | 100 | Societe Generale | 16.750 |
| **D-MARKS** | | | | | | | |
| ITT‡ | 100 | 1992 | 10 | 9¼ | 100 | Deutsche Bank | 9.250 |
| Black and Decker‡ | 100 | 1989 | 7 | 9¼ | 99¾ | Commerzbank | 9.230 |
| **SWISS FRANCS** | | | | | | | |
| Asian Devt. Bank‡ | 100 | 1992 | — | 7⅛ | 100 | SBC | 7.125 |
| Swed. Export Credit | 100 | 1991 | — | * | * | CS | 7.250 |
| Fujitec**§ | 50 | 1987 | — | * | 100 | SBC | * |
| Toyobo**§ | 40 | 1987 | — | 7⅜ | 100 | SBC | 7.375 |
| **GUILDERS** | | | | | | | |
| Asian Devt. Bank‡ | 100 | 1992 | 8 | 11 | 100 | ABN, Amro Bank | 11.000 |
| World Bank | 250 | 1992 | 8 | 11 | * | ABN | * |
| **YEN** | | | | | | | |
| Eldorado Nuclear‡ | 10bn | 1992 | 9 | 8⅝ | 99.6 | Daiwa Secs. | 8.744 |
| BFCE‡ | 20bn | 1992 | 9 | 8.6 | 99.9 | Yamaichi Secs. | 8.800 |

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ° Minimum. § Convertible. †† Registered U.S. Securities and Exchange Commission. ¶ With warrants. Note: Yields are calculated on AIBD basis.

## U.S. BONDS

# Fall in short-term rates brings a sparkle back

SOME OF the sparkle returned to the New York credit markets last week. Bond prices rallied in response to a decline in short-term interest rates, while on Friday the Federal Reserve cut the discount rate from 11 to 10.5 per cent—the third cut in four weeks.

Nevertheless, deeply felt uncertainties remain in the market over the Federal budget deficit and the likely success of tax measures in congress to reduce its size.

The discount rate cut had been partially allowed for following Fed intervention in the markets throughout the week to supply reserves, and brought an immediate cut in the prime rate by several major banks.

The Fed had been expected to reduce the discount rate for four main reasons. First, the

U.S. INTEREST RATES (%)

| | Week to Aug 13 | Week to Aug 6 |
|---|---|---|
| Fed. Funds wkly. av. | 10.86 | 10.73 |
| 3-month Treas. bills | 9.25 | 9.80 |
| 3-month cd. | 11.30 | 11.40 |
| 30-year Treas. bonds | 13.07 | 13.25 |
| AAA utility | 15.00 | 15.25 |
| AA industrial | 14.75 | 15.00 |

Source: Salomon Bros. (estimates). In the week to August 4 M-1 rose $2bn to $453.4bn.

Fed funds rate, which had averaged about 11 per cent for three weeks, drifted downwards last week and at one point on Friday was trading as low as 10 per cent.

Second, although money supply growth has picked up recently, and Friday's increase took the basic money supply measure to the top of the Fed's target range, its four-week average is still inside the Fed's long range target, after allowing for seasonal factors.

Third, the economy is still showing little sign of picking up: in particular, retail sales increased by only 1 per cent last month and there has been no growth in the industrial sector.

Fourth, reports of difficulties in the private sector, including the failure last week of a second Wall Street securities firm, Lombard-Wall, and its money markets unit, have probably encouraged the Fed to supply sufficient funds to calm the markets.

Renewed concern about the health of some U.S. financial institutions had an indirect effect on the credit markets as funds were switched from the money markets into the 'safe' treasury bond market. The shorter-term treasury bill market benefited particularly, although some dealers said the unwinding of positions following the Lombard-Wall crash could prove a countervailing force.

The other major talking point was the advent of the Treasury Income Growth Receipt (TIGR). Merrill Lynch launched the receipts — deeply discounted zero coupon receipts backed by long treasury bonds — at the beginning of the week.

The sale of TIGRs with a face value of $2.565bn backed by $500m in long treasury bonds to yield between 10.5 and 13.75 per cent went well, with about $2.2bn of the issue bought.

The longer term significance of the TIGR for the credit markets probably depends upon the establishment of an active secondary market for the securities. However, Merrill Lynch has already been followed into the arena by Lehman Brothers Kuhn Loeb, and other securities firms are said to be poised to launch TIGRs of their own.

The rally in the Government bond market spilled over into the corporate bond sector, which also benefited from the continuing weakness of the stock market.

Companies were quick to take advantage of this "borrowing window" and launched a flood of new issues onto a market where retail buying was reported to be strong.

Among the new issues was a $200m three-year note from General Motors—and a $200m issue of 10-year notes from the Inter-American Development Bank.

In total about $1.4bn in new notes were launched on to the market last week, considerably more than had been listed. This week also looks busy with some $750m of new issues scheduled including two $100m 10- and 30-year bonds from Commonwealth Edison and a $150m debenture from Shell Canada.

**Paul Taylor**

# Eight international banks sell stakes in Iranvest

BY WILLIAM HALL, BANKING CORRESPONDENT

EIGHT LEADING U.S., European, and Japanese banks have pulled out of Iran Overseas Investment Corporation (Iranvest), the London consortium bank, and sold their shares to two Iranian banks.

Iranvest, formed in 1973, has proved a victim of circumstances beyond its control and its initial rationale has disappeared. It was originally set up to channel Iranian investment into other parts of the world but was soon being used to raise funds for Iran on international markets. It has acted as lead manager or agent for approximately a third of Iran's medium-term syndicated borrowings.

Following the Iranian revolution and the U.S. hostages crisis, the bank's deposits with U.S. banks were blocked by Presidential order in November 1979. Once the crisis was over it played an important role, as agent bank for 14 syndicated loans totalling more than $1.5bn, in repaying the money to more than 300 banks around the world.

The bank's non-Iranian shareholders—Bank of America, Barclays Bank International, Deutsche Bank, Manufacturers Hanover, Midland Bank, Societe Generale, Bank of Tokyo, and the Industrial Bank of Japan—have now decided to sell their equal 6¼ per cent stakes in the bank, to Bank Mellat and Bank Saderat Iran. The two founding Iranian shareholders, Bank Melli Iran and the Bank of Industry and Mine continue to hold 25 per cent each.

In the year to end-September 1981 Iranvest, which is a licensed deposit taker under UK banking law, made pre-tax profits of £1.3m ($2.2m) on shareholders' funds of £12.3m and assets of £112.0m. At the end of its last financial year, the bank had no loan exposure to Iran and half of its loans were to Europe. Its balance sheet, which had peaked at £150m in 1978 fell to £105m in 1980 but rose marginally last year.

The bank says that it intends to develop its international banking services with a "significant expansion" in its commercial banking and money market activities.

Iranvest was initially set up with the ten shareholders each owning ten per cent. However, in the mid-1970s the two Iranian banks increased their shareholdings to a combined 50 per cent.

Iranvest is the latest in a growing number of London consortium banks which has been restructured because its original rationale has disappeared.

In recent years, the Royal Bank of Canada has bought out the other shareholders in Orion Bank, and Chemical Bank has done the same with London Multinational. United International Bank, Rothschild Intercontinental Bank, Brown Harriman and International Banks and Western American Bank are other examples of London consortium banks, which have been bought out by either one or two of their shareholders.

# AEG South Africa still sees growth

By Bernard Simon in Johannesburg

AEG's SOUTH African subsidiary plans to go ahead with a R5m ($4.3m) expansion programme despite the difficulties of its parent company, according to Mr Peter Hutz, the local managing director.

AEG South Africa, 84 per cent owned by the German parent, is the largest contributor to the financially troubled group's earnings outside Europe. Its pre-tax profit totalled R1m last year on sales of R70m. According to Mr Hutz, sales are expected to rise to around R88m in 1982.

The proposed expansions are in several high technology businesses. These include radio transmission equipment, switchgear, electric turbines, and signalling equipment. Mr Hutz declined to disclose details.

AEG South Africa is the country's second largest producer of a number of household appliances. It is also understood to be a sizeable supplier of military equipment.

# Strong first-half gain by Papyrus

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PAPYRUS, the Swedish pulp, paper and timber group, raised its first-half earnings by 175 per cent from SKr 56.8m to SKr 156.4m ($25.2m), while sales advanced by just under 5 per cent to SKr 1.73bn ($278m).

After adjusting for minority interests and a small net extraordinary income, the group shows a taxable profit of SKr 98m, compared with SKr 20m in the first half of 1981.

This strong performance, at a time when most of the Swedish pulp and paper industry is complaining of depressed markets, means that Papyrus has managed to sustain through the first six months of this year the profit surge it experienced in the last four months of 1981.

In the first half of this year, earnings on the cardboard and fine paper operations improved, while even newsprint is reported to have turned in a better result in spite of lower output.

Another important factor in the first-half profits climb was the change in net financial items from a loss of SKr 34.5m to an income of SKr 8.9m. Behind this development lies the sale in December of Papyrus' hydro-electric power plants for SKr 450m.

# U.S. expansion for Roche

THE SWISS chemical company, Hoffmann-La Roche, says its U.S. subsidiary has reached an agreement with the Rohm and Haas group to acquire Consolidated Biomedical Laboratories which employs some 900 persons and is active in medical diagnostics, John Wicks reports from Zurich.

The takeover, for which no price has been disclosed, follows the recent acquisition by Roche of Biomedical Reference Laboratories in North Carolina for $160m.

# INTERNATIONAL APPOINTMENTS

## Restructuring at Hamilton Standard

Mr John Lovkay has been appointed executive vice president of UNITED TECHNOLOGIES' Hamilton Standard division. He will provide direct management control over Hamilton's aerospace and electronics business units as well as the legal, technical, marketing and product support, and central services functions. He was named senior vice president-electronics in 1981 with direct responsibility for all of Hamilton's electronics business units.

Succeeding Mr Lovkay as senior vice president-electronics is Mr Patrick K. Bolger who will be responsible for all the division's electronics business units. Previously he had served as vice president-electronic systems.

Mr Russell S. Hubley has been named vice president-electronic systems, succeeding Mr Bolger. Previously, Mr Hubley had served as vice president-Hamilton Support Systems.

Mr Frederick K. Morris has been appointed vice president-Hamilton Support Systems, succeeding Mr Hubley. Previously, Mr Morris was program and operations manager of Hamilton's environmental and space systems department.

Mr Vincent C. Ruvolo has been appointed to the new position of vice president-manufacturing of Hamilton's aerospace systems business units. He has direct responsibility for manufacturing, materials management, manufacturing engineering, industrial engineering and financial operations in this new business unit. He was materials manager.

● Mr J. Rawles Fulgham, Jr., former vice chairman and chief administrative officer of InterFirst Corp of Dallas, Texas, who retired on July 31, will join MERRILL LYNCH PRIVATE CAPITAL INC. as an executive director. From a Dallas base, he will represent Merrill Lynch in a senior capacity throughout the Southwestern United States.

● Mr Bowdre P. Mays has been appointed vice president, international relations and government affairs, at AFIA's head office in New York. He was vice president of AFIA's Brussels regional control office for continental Europe, the Middle East and Africa.

● AM INTERNATIONAL INC has appointed Mr Richard F. Elliott vice president, human resources of the multigraphics division, based at Mt Prospect, Illinois. He was vice president, human resources in the Bruning division.

Mr Jon A. Borsman has been appointed vice president-marketing and product development for the multigraphics division. He joins the multigraphics division after serving two years as vice president-finance and administration in the Bruning division.

● Mr Gilberto de Botton has been appointed general manager and Mr Elgin Joos deputy general manager of ROTHSCHILD BANK AG, Zurich.

● Mr John S. Rydz has been appointed vice-president, technology, of EMHART CORP., Farmington, Connecticut. This newly-created post replaces that of vice-president, research and development, which had been held by Mr Walter L. Abel.

● Mr Alberto Cribiore has joined WARNER COMMUNICATIONS as senior vice-president. He will be involved in corporate development and acquisitions. Mr Cribiore has, for the past six years, been vice-president in charge of corporate development for North America of IFINT-USA, the U.S. arm of IFINT, a worldwide investment group.

Mr Jay Eliasberg has become vice-president, research. Mr Eliasberg was vice-president, research, CBS/Broadcast Group.

● SEARS ROEBUCK AND CO. has appointed Mr Philip J. Purcell as president and chief operating officer of Dean Witter Financial Services Group. He will continue as chairman of the Sears corporate strategic planning committee. He was elected senior vice-president corporate administration and planning in March.

● Mr Philip S. Bryne has succeeded Mr Douglas A. Henderson as general manager of POLYSAR INTERNATIONAL, Fribourg.

● Mr J. Avery Rush, head of DIAMOND SHAMROCK'S oil and gas operations since 1969, has been elected vice-chairman. He will concentrate on acquisition and development activities in the oil and gas area. He will also oversee the orderly transition of the Sigmor organisation into Diamond Shamrock.

Diamond Shamrock has also named unit presidents for the recently restructured oil and gas operations. Mr Riley M. Epps has been appointed unit president, refining and marketing. This San Antonia-based unit will consist of Diamond Shamrock's existing refining and marketing operations as well as the Sigmor businesses. Mr Epps has been directing refining and marketing activities since 1974. Mr C. Barton Groves will be unit president, exploration and production, based in Amarillo. Mr Groves was executive vice-president of the oil and gas unit.

Mr Rush was elected president of the oil and gas unit in 1969 and executive vice president of Diamond Shamrock in 1973. Mr Rush is chairman of the Texas Mid-Continent Oil and Gas Association.

● Mr J. M. Clifton has been named director of finance and joint venture development for the PIEDMONT DEVELOPMENT COMPANIES, Atlanta.

● Mr Bernd P. Auxenfans has been appointed regional director, Europe-Africa area, for MONSANTO'S agricultural products business. He succeeds Mr Michael W. Winkel who returns to the U.S. in the new position of general manager, international for agricultural products. Mr Auxenfans will be based at area headquarters in Brussels.

● Mr Peter M. Jackson, has been appointed chief operating officer of MANNAI CORPN. This is a new position in the organisation and reflects the continuing growth of the group in Qatar and in neighbouring countries. Latterly, Mr Jackson spent over three years in Saudi Arabia as general manager of GCC (General Contracting Company) and as vice-president of Olayan Saudi Holding Company.

● Mr J. A. Langley has been appointed by TORONTO-DOMINION BANK, assistant general manager, merchant banking services to be located in Toronto. Mr R. W. du Pon will replace him as assistant general manager and managing director of Toronto Dominion International Bank, in London.

● SCOTT WILSON KIRKPATRICK has made the following appointment of partners in the Hong Kong firm: Mr David Butler and Mr John Sutton.

● Mr Marco Gatti, deputy director of ENTE NAZIONALE PER L'ENERGIA ELETTRICA'S purchasing department, has been named director of the research and development department from September 1.

● WARNER COMMUNICATIONS INC has named Mr Alberto Cribiore as senior vice president for corporate development and acquisitions. Mr Cribiore was a vice-president in charge of corporate development for North America of Ifint-USA, a subsidiary of Ifint. IFI SpA, a worldwide investment company, is the largest shareholder of Ifint.



# FT INTERNATIONAL BOND SERVICE

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aetna Life 15 86/97 | 150 | 103¼ | 103¾ | +0½ | −0⅛ | 13.69 |
| Amex Int. Fin. 16¼ 92 | 75 | 100⅜ | 100⅞ | +0⅛ | +0⅛ | 16.06 |
| Amex O/S Fin. 14½ 89 | 75 | 97 | 97½ | +0⅜ | 0 | 14.87 |
| ATT 14⅜ 89 | 400 | 102¾ | 103¼ | +0⅛ | −0½ | 13.48 |
| Baker Int. Fin. 0.0 92 | 225 | 26⅝ | 26⅞ | +0⅛ | −0⅛ | 14.89 |
| BHP Finance 14¾ 89 | 150 | 97½ | 98 | +0⅛ | +0½ | 16.28 |
| Bk. Amer. NT SA 12 87 | 200 | 92⅞ | 93⅜ | +0⅛ | +0⅜ | 14.13 |
| Bk. Montreal 14½ 87 | 100 | 95⅝ | 96⅛ | +0⅛ | +0⅜ | 15.74 |
| Bque. Indo Suez 15 89 | 100 | 96⅞ | 96⅞ | 0 | −0⅜ | 15.80 |
| British Col. Hyd. 14⅜ 89 | 200 | 99⅛ | 99⅝ | +0⅛ | +0⅜ | 14.82 |
| British Col. Hyd. 15¼ 92 | 150 | 101⅞ | 102⅛ | +0⅛ | +0⅝ | 14.84 |
| Canada 14⅜ 87 | 750 | 100 | 100½ | +0⅛ | +0⅛ | 14.26 |
| Canadair 15½ 87 | 150 | 101⅝ | 102⅛ | +0⅛ | +0⅛ | 14.83 |
| Canadian Pac. 14⅝ 92 | 75 | 94⅞ | 95⅜ | +0⅛ | −0⅛ | 15.59 |
| Carolina Power 16½ 89 | 60 | 105⅜ | 105⅞ | +0⅛ | +0⅝ | 15.04 |
| CIBC 16 87 | 100 | 98⅞ | 99¼ | +0⅛ | +0⅛ | 16.23 |
| Citicorp O/S 15 84/92 | 100 | 99⅞ | 100⅜ | +0⅛ | +0⅛ | 14.75 |
| Citicorp O/S 15½ 85/97 | 125 | 101⅞ | 101⅝ | +0⅛ | 0 | 14.68 |
| CNA 15⅞ 97 | 75 | 100½ | 101 | +0⅛ | −0½ | 15.69 |
| Con. Illinois 15⅜ 89 | 100 | 95⅜ | 95⅞ | +0⅛ | −0⅛ | 16.82 |
| Duke Pwr. O/S 15½ 89 | 60 | 101⅛ | 101⅝ | +0½ | +0⅝ | 15.10 |
| Dupont O/S Cap. 0.0 90 | 300 | 36⅛ | 36⅝ | +0½ | −0⅛ | 14.66 |
| ECSC 14⅜ 87 (April) | 80 | 99½ | 100 | +0⅛ | +0½ | 14.75 |
| EIB 15½ 89 | 150 | 101⅜ | 101⅝ | +0⅛ | +0⅛ | 15.06 |
| EIB 15½ 92 | 100 | 100⅝ | 101⅛ | +0⅛ | +0⅛ | 15.28 |
| Eksportfinans 14½ 89 | 50 | 98⅞ | 99⅜ | +0⅛ | +0⅛ | 14.66 |
| Gen. Elec. Credit 0.0 92 | 400 | 28 | 28½ | +0⅜ | −0½ | 14.21 |
| Gen. Elec. Credit 0.0 93 | 400 | 24⅝ | 25⅛ | +0⅛ | −0⅛ | 14.15 |
| Getty Oil Int. 14 89 | 125 | 99⅝ | 100⅛ | +0⅛ | +0⅛ | 13.99 |
| GMAC O/S Fin. 16 98 | 150 | 103⅛ | 103⅝ | +0⅛ | +0½ | 14.98 |
| GMAC O/S 15¼ 85/97 | 100 | 99½ | 100 | +0⅛ | +0⅛ | 15.25 |
| GMAC O/S Fin. 15 89 | 125 | 100 | 100½ | +0⅛ | +0½ | 14.89 |
| GMAC O/S Fin. 15 87 | 100 | 100⅛ | 100⅝ | +0⅛ | +0⅛ | 14.83 |
| Gulf Canada Ltd 14⅜ 92 | 100 | 98⅛ | 98⅝ | +0⅛ | +0½ | 15.03 |
| Gulf Oil 14¼ 94 | 175 | 99½ | 100 | +0⅛ | 0 | 14.26 |
| Gulf Oil Fin. 0.0 92 | 300 | 27⅞ | 28⅛ | +0½ | −0⅛ | 14.20 |
| Int.-Am. Dv. Bk. 15⅞ 87 | 55 | 99⅜ | 99⅞ | +0½ | +0⅛ | 15.16 |
| Japan Dev. Bk. 15½ 87 | 50 | 104½ | 105 | +0⅛ | +0⅛ | 13.93 |
| New Brunswick 16¼ 89 | 75 | 103⅜ | 103⅞ | +0⅛ | +0⅛ | 15.28 |
| Nova Scotia Pr. 15⅜ 89 | 75 | 96⅜ | 96⅞ | +0⅛ | +0⅛ | 16.08 |
| Ontario Hydro 14⅜ 89 | 150 | 99⅝ | 100⅛ | +0⅛ | +0⅛ | 14.67 |
| Pac. Gas & El. 15½ 89 | 45 | 101⅞ | 102⅜ | +0⅛ | −1⅛ | 14.91 |
| Phillips Petrol 14 89 | 200 | 97¾ | 98¼ | +0⅛ | +0⅛ | 14.44 |
| R.J. Rynlds. O/S 0.0 92 | 400 | 27⅞ | 28⅜ | +0½ | +0⅛ | 14.26 |
| Saskatchewan 16 89 | 125 | 102 | 102½ | +0⅛ | −0⅛ | 15.36 |
| Shell Canada 14⅛ 92 | 125 | 97⅜ | 98⅛ | +0⅛ | +0⅛ | 14.76 |
| Spain 15⅜ 87 | 100 | †101⅜ | 102⅛ | +0⅛ | +1⅛ | 15.04 |
| Superior O/S Fin. 14 89 | 125 | 97½ | 98 | +0⅛ | 0 | 14.51 |
| Swed. Exp. Cr. 15⅛ 89 | 100 | 99½ | 100 | +0⅛ | +0⅛ | 15.25 |
| Swed. Exp. Cr. 14⅜ 90 | 100 | 95⅜ | 95⅞ | +0⅛ | +0½ | 15.51 |
| Swed. Exp. Cr. 0.0 94 | 200 | 20⅜ | 91⅛ | +0⅛ | +0⅛ | 14.43 |
| Texas Eastern 15¾ 89 | 60 | 100⅞ | 101⅞ | +0⅛ | +0⅛ | 15.46 |
| Union Carbide 14⅜ 89 | 150 | 100⅛ | 100⅜ | +0⅜ | 0 | 14.58 |
| Wells Fargo Int. 15 87 | 75 | 100⅛ | 100⅝ | +0½ | +0½ | 14.80 |
| World Bank 14¼ 87 | 500 | 97⅞ | 98⅜ | +0⅛ | +0⅛ | 14.77 |
| World Bank 15⅜ 88 | 250 | 101⅞ | 101⅝ | +0½ | +0⅜ | 14.76 |

Average price changes... On day +0⅛ on week +0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 9¼ 92 | 150 | 97⅝ | 98⅛ | 0 | 0 | 9.56 |
| Australia 9⅜ 91 | 200 | 103⅜ | 104⅛ | +0⅛ | 0 | 8.69 |
| Austria 8⅜ 92 | 100 | 94⅝ | 95⅜ | +0⅛ | 0 | 9.16 |
| Barclays O/S In. 8⅞ 94 | 100 | 95⅝ | 96⅛ | 0 | −0⅛ | 8.95 |
| Bowater Int. Fin. 8½ 89 | 60 | 95⅞ | 96⅞ | −0⅛ | −0⅛ | 9.39 |
| Canada 8½ 89 | 200 | 101⅝ | 102⅛ | 0 | −0⅛ | 8.14 |
| Comp. Tel. Esp. 10½ 92 | 100 | 100½ | 101 | −0⅛ | 0 | 10.35 |
| Cred. Foncier 8⅜ 92 | 100 | 98 | 98½ | +0⅛ | −0⅛ | 9.34 |
| Denmark 10⅛ 92 | 100 | 101⅞ | 102⅜ | −0⅛ | −0½ | 9.75 |
| EDF 9⅞ 92 | 100 | 100⅜ | 101⅛ | −0⅛ | −0⅛ | 9.71 |
| EIB 8⅜ 92 | 100 | 94⅜ | 95⅜ | +0⅛ | +0⅛ | 9.18 |
| Int.-Am. Dev. Bk. 9 92 | 150 | 96⅞ | 97⅜ | −0⅛ | −0⅛ | 9.43 |
| Nacnl. Financiera 11 90 | 150 | 94½ | 95 | +0⅛ | −2⅜ | 12.07 |
| Norsk Hydro 8½ 92 | 100 | 97⅜ | 98⅛ | −0⅛ | −0⅛ | 8.80 |
| Philips Lamps 8½ 92 | 100 | 99⅝ | 100⅛ | 0 | +0½ | 8.51 |
| Philip Morris 8½ 90 | 100 | 101⅛ | 101⅜ | 0 | −0⅛ | 7.97 |
| Quebec 10⅛ 92 | 150 | 102½ | 103⅛ | +0½ | 0 | 9.63 |
| Renfe 10 92 | 100 | 99⅝ | 100⅛ | +0⅛ | −0⅛ | 9.99 |
| SNCF 8⅝ 92 | 100 | 94⅞ | 95⅜ | −0½ | −1⅛ | 9.38 |
| Taurnautobahn 9⅞ 94 | 50 | 102 | 102½ | 0 | −0⅛ | 9.53 |
| Tenneco Int. 9 92 | 100 | 97⅝ | 98⅜ | 0 | 0 | 9.25 |
| World Bank 9½ 89 | 100 | 100⅝ | 101⅛ | 0 | −0⅛ | 9.30 |
| World Bank 8½ 92 | 200 | 95⅜ | 96⅛ | 0 | −0⅛ | 9.17 |

Average price changes... On day 0 on week −0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Air Canada 6¾ 92 | 100 | 100⅞ | 101⅜ | +0⅛ | +0⅛ | 6.11 |
| Asian Dev. Bank 7 92 | 100 | 100⅛ | 100½ | 0 | −1⅛ | 6.94 |
| Aucalsa 7⅛ 92 | 80 | 97½ | 97⅜ | −0⅛ | −1⅜ | 8.10 |
| Australia 6½ 94 | 100 | 105⅜ | 105⅞ | +0⅛ | +0⅛ | 5.80 |
| BNP 6⅜ 92 | 100 | 97⅜ | 98 | −0⅛ | −0⅛ | 7.05 |
| Cse. Nat. l'Energie 7 92 | 100 | 100⅞ | 101⅜ | +0⅛ | +0⅛ | 6.85 |
| CFE-Mexico 8¼ 92 | 50 | †83½ | 84½ | +0⅞ | −10⅞ | 11.00 |
| Co-op. Denmark 3⅜ 92 | 25 | 105 | 105⅜ | +0⅛ | −0⅛ | 7.59 |
| Crown Zellerbach 6⅜ 92 | 100 | 99⅜ | 100 | −0½ | −0⅛ | 6.76 |
| Europarat 7⅛ 92 | 100 | 101⅜ | 101⅝ | +0⅛ | +0⅛ | 7.03 |
| Ind. Fund Finland 6⅜ 92 | 30 | 98⅞ | 99⅜ | +0½ | +0⅛ | 6.89 |
| Japan Dev. Bank 6 84 | 100 | 100⅞ | 101⅜ | +0⅛ | +0⅛ | 5.88 |
| Kobe City 6⅞ 92 | 100 | 101 | 101½ | +0⅞ | −0⅛ | 5.95 |
| Kommunlane 7⅛ 92 | 35 | 101 | 101½ | −0⅛ | +0½ | 7.06 |
| Lonrho Int. Fin. 7½ 92 | 80 | 95⅛ | 95⅜ | −0⅛ | +0½ | 8.18 |
| Mitsui OSK 6½ 92 | 100 | 98⅜ | 99⅛ | +1⅛ | −0⅛ | 6.64 |
| Nafinsa 8⅜ 92 | 80 | 88 | 88⅛ | −4½ | −5⅛ | 10.21 |
| New Zealand 6 92 | 100 | 101⅛ | 101½ | −0⅛ | 0 | 5.81 |
| Philip Morris 6⅜ 92 | 100 | 103½ | 103⅛ | −0⅛ | −1⅛ | 6.11 |
| Philip Morris 6¾ 94 | 100 | 102⅜ | 103⅛ | +0½ | 0 | 6.89 |
| Renfe 7⅜ 92 | 80 | 99⅞ | 100⅛ | +0⅛ | +0⅛ | 7.74 |
| Sekisui Pre. 5⅜ 92 WW | 70 | 107⅜ | 101⅞ | +0⅞ | −2⅛ | 5.51 |
| Soc. Lux. de Cnt. 8⅜ 92 | 80 | 107 | 107⅛ | 0 | −1 | 6.95 |
| Svenska Handels. 6⅜ 92 | 100 | 98⅛ | 98½ | −0⅛ | −0⅛ | 6.98 |
| Tiroler Wasser 6⅛ 92 | 100 | 98½ | 98⅜ | +0½ | +0⅛ | 6.44 |
| Vorarlberg Kraft 6⅜ 92 | 50 | 102½ | 102½ | −0⅛ | −0⅛ | 6.41 |

Average price changes... On day 0 on week −0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| EIB 8¼ 92 | 15 | 97 | 97⅜ | 0 | −0⅜ | 8.65 |
| Int.-Amer. Dev. 8⅞ 91 | 15 | 100⅜ | 101⅛ | 0 | −1 | 8.72 |
| Japan Airlines 7⅞ 87 | 9 | 95½ | 96½ | +0⅛ | +0½ | 9.00 |
| New Zealand 8⅜ 87 | 15 | 99½ | 100½ | 0 | −0⅛ | 8.36 |
| World Bank 8⅜ 92 | 20 | 98⅜ | 99⅛ | +0⅛ | −0⅛ | 8.52 |

Average price changes... On day +0⅛ on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bell Canada 18 89 C$ | 100 | †98½ | 99 | 0 | 0 | 16.29 |
| Can. Pac. S. 16½ 89 C$ | 50 | †98⅜ | 99⅛ | +0⅛ | +0⅛ | 16.56 |
| Crd. Foncier 17⅛ 89 C$ | 30 | †99⅛ | 99⅝ | 0 | +0⅛ | 17.18 |
| Gaz Metro. 17½ 90 C$ | 20 | †98⅛ | 98⅝ | 0 | +0½ | 17.56 |
| OKB 16¼ 88 C$ | 63 | †98½ | 99 | −0⅛ | −0⅛ | 16.55 |
| Q. Hyd. 16½ 89 (M) C$ | 50 | †99½ | 100 | −0½ | −0⅛ | 16.51 |
| Quebec Prov. 16½ 89 C$ | 50 | †99½ | 100 | −0⅛ | −0⅛ | 16.54 |
| U. Bk. Nwy. 9½ 90 EUA | 18 | 93½ | 95 | 0 | 0 | 10.62 |
| Amro Bank 10 87 Fl | 150 | 99 | 99½ | +0⅛ | −1⅛ | 10.18 |
| Bk. Mees & H. 10 87 Fl | 75 | 99⅛ | 99⅝ | +0⅛ | −0⅛ | 10.11 |
| Eurofima 10½ 89 Fl | 50 | 100⅞ | 101⅜ | 0 | 0 | 10.26 |
| Ireland 10½ 87 Fl | 75 | 98⅝ | 99⅛ | 0 | +0⅛ | 10.79 |
| Phil. Lamps 10⅛ 87 Fl | 100 | 100⅞ | 101⅜ | +0⅛ | −0⅛ | 9.91 |
| World Bank 10 87 Fl | 150 | 98⅝ | 99⅛ | 0 | −0½ | 10.29 |
| OKB 14 86 FFr | 400 | 94 | 95 | 0 | −0⅛ | 16.07 |
| Solvay et C. 14⅜ 86 FFr | 200 | 94½ | 95½ | 0 | −0⅛ | 16.60 |
| Beneficial 14⅛ 90 £ (D) | 20 | 90⅝ | 91⅝ | +0½ | +0½ | 16.21 |
| BFCE 14½ 87 £ | 30 | 101⅛ | 102 | +0⅛ | +0⅛ | 13.98 |
| BNP 13½ 91 £ | 15 | 97 | 97⅜ | +0⅛ | +0⅛ | 14.00 |
| CECA 13½ 88 £ | 20 | 98⅜ | 99⅛ | +0⅛ | +0½ | 13.65 |
| Fin. Ex. Cred. 13⅜ 86 £ | 15 | 99 | 100 | +0⅛ | +0⅛ | 13.86 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 99 | 100 | +1½ | +1⅛ | 12.57 |
| Hiram Walker 14⅜ 86 £ | 25 | 100½ | 101½ | +0⅛ | +0⅛ | 13.81 |
| Norsk Hydro. 14½ 87 £ | 30 | 101½ | 102⅛ | +0½ | +0⅛ | 13.92 |
| Privatbanken 14½ 88 £ | 12 | 98½ | 99⅛ | +0⅛ | +0½ | 14.82 |
| Quebec 15½ 87 £ | 35 | 102⅞ | 103⅞ | +0⅛ | +0⅛ | 14.38 |
| Reed (Nd) NV 16⅜ 89 £ | 25 | 105⅜ | 106⅜ | 0 | −0½ | 15.20 |
| Royal Trustco 14 86 £ | 12 | 99⅞ | 100⅞ | +0⅛ | 0 | 13.78 |
| SDR France 15½ 92 £ | 30 | 102⅝ | 103⅜ | +0⅛ | +0⅜ | 14.85 |
| Swed. Ex. Cr. 13⅜ 86 £ | 20 | 99⅜ | 100⅛ | 0 | −0⅛ | 13.81 |
| Tenneco Int. 14⅜ 87 £ | 30 | 98⅞ | 99⅜ | +0⅜ | +0⅜ | 14.97 |
| Eurofima 10½ 87 LuxFr | 500 | 96⅛ | 97⅛ | 0 | 0 | 11.37 |
| EIB 9⅜ 88 LuxFr | 600 | 92⅜ | 93⅛ | 0 | −0⅛ | 11.55 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish 5¼ 92 | 0¼ | 98½ | 99 | 15/10 | 15.69 | 15.89 |
| Bk. of Tokyo 5¼ 91 (D) | 0⅛ | 99⅞ | 100⅛ | 8/12 | 15⅛ | 15.23 |
| Bk. Nova Scotia 5⅛ 93 | 0⅛ | 99 | 99½ | 29/10 | 15⅝ | 15.24 |
| BFCE 5⅛ 88 | 0¼ | 99½ | 100 | 28/10 | 15 | 15.04 |
| BFCE 5¼ 87 | 0⅛ | 99⅛ | 99⅝ | 27/1 | 14 | 14.07 |
| Caisse Nat. Tele. 5⅛ 90 | 0⅛ | 99½ | 100 | 21/10 | 15⅜ | 15.79 |
| CCCE 5⅛ 2002 | 0⅛ | 98⅜ | 98⅞ | 11/12 | 15⅜ | 15.59 |
| CEPME 5¼ 92 | 0¼ | 99⅞ | 100⅜ | 10/12 | 15.44 | 15.42 |
| Chemical NY 5⅛ 94 | ‡0⅛ | 99⅝ | 100⅛ | 23/9 | 16.69 | 16.71 |
| CIBC 5⅛ 94 | 0⅛ | †99⅜ | 99⅞ | 15/1 | 15⅛ | 15.31 |
| Credit Agricole 5⅛ 97 | 0⅛ | 99⅛ | 99⅝ | 24/9 | 15.44 | 15.52 |
| Credit du Nord 5¼ 92 | 0⅛ | 100 | 100½ | 23/12 | 16.81 | 16.77 |
| Credit Lyonnais 5⅛ 97 | 0⅛ | 99⅝ | 100⅛ | 1/10 | 16 | 16.02 |
| Credit Lyonnais 5¼ 94 | 0⅛ | 100⅛ | 100⅝ | 1/1 | 16.94 | 16.53 |
| Credit Nat. 5⅛ 94 | ‡0⅛ | 98⅜ | 99⅛ | 9/9 | 14.69 | 14.86 |
| Ireland 5⅛ 89/94 | 0⅛ | †98⅛ | 98⅝ | 25/11 | 14⅜ | 14.97 |
| Kansellis Osake 5½ 92 | 0¼ | 99⅜ | 99⅞ | 6/11 | 15.31 | 15.37 |
| Lloyds Eurofin 5⅛ 93 | §0⅛ | 99⅜ | 100⅛ | 29/10 | 17⅛ | 17.13 |
| Long Term Cred. 5¼ 92 | 0⅛ | 98⅞ | 99⅜ | 29/11 | 14⅝ | 14.70 |
| J. P. Morgan 5¼ 97 | §0⅛ | 99 | 99½ | 12/11 | 12.94 | 13.04 |
| Nat. West. Fin. 5⅛ 91 | §0⅛ | 100⅛ | 100⅝ | 15/1 | 15⅛ | 15.19 |
| New Zealand 5⅛ 87 | 0⅛ | 99⅝ | 100⅛ | 7/10 | 15.56 | 15.58 |
| Nippon Credit 5⅛ 90 | 0⅛ | 99⅛ | 99⅝ | 10/2 | 13⅞ | 13.96 |
| Offshore Mining 5⅛ 91 | 0⅛ | 99⅝ | 100⅛ | 2/12 | 14.19 | 14.21 |
| PKbanken 5 91 | 0⅛ | 100⅛ | 100⅝ | 17/12 | 15.81 | 15.75 |
| Scotland Int. 5¼ 92 | 0⅛ | 98⅞ | 99⅜ | 23/9 | 15⅛ | 15.51 |
| Sec. Pacific 5¼ 91 | 0⅛ | 99⅝ | 100⅛ | 26/11 | 15 | 15.02 |
| Societe Generale 5⅛ 95 | 0⅛ | 99⅛ | 99⅝ | 1/9 | 15.31 | 15.39 |
| Standard Chart. 5¼ 91 | 0⅛ | 99⅜ | 99⅞ | 18/11 | 14⅞ | 14.93 |
| Sweden 5⅛ 89 | 0⅛ | 99⅛ | 99⅝ | 25/8 | 15.31 | 15.41 |
| Toronto Domin'n 5¼ 92 | 0⅛ | 98⅛ | 98⅝ | 11/2 | 14.31 | 14.55 |

Average price changes... On day +0⅛ on week +0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5⅛ 96 | 7/81 | 933 | 76⅛ | 77⅛ | +1½ | 9.58 |
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | 95⅛ | 97 | +0⅛ | 70.26 |
| Bridgestone Tire 5½ 96 | 3/82 | 470 | 80⅛ | 81⅛ | +0⅛ | 5.24 |
| Canon 6¾ 95 | 1/81 | 736.3 | 90⅛ | 92⅛ | +3⅛ | 7.64 |
| Canon 7 97 | 7/82 | 748.2 | 100⅛ | 101⅛ | +5½ | 4.74 |
| Chugai Pharm. 7⅛ 96 | 7/82 | 709.6 | 111⅝ | 113⅛ | +4⅛ | 6.94 |
| Fujitsu Fanuc 4½ 96 | 10/81 | 5641 | 70⅛ | 72⅛ | +0⅞ | 23.42 |
| Furukawa Elec. 5⅛ 96 | 7/81 | 300 | 85 | 86⅛ | −0½ | −5.74 |
| Hitachi Cable 5⅛ 96 | 2/82 | 515 | 78½ | 80 | +3 | 4.79 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1612 | 84⅛ | 86½ | −1⅛ | 7.18 |
| Honda Motor 5½ 97 | 3/82 | 841 | 76½ | 78 | +2⅛ | 10.63 |
| Kawasaki 5⅛ 96 | 9/81 | 229 | 59½ | 61 | +1 | 30.67 |
| Marui 6 96 | 7/81 | 846.4 | 85⅛ | 85⅛ | +0⅞ | 4.70 |
| Minolta Camera 5 96 | 10/81 | 826.4 | 59⅛ | 61½ | +1⅛ | 39.90 |
| Minorco 9⅛ 97 | 5/82 | 8.16 | †79½ | 81½ | −2½ | 19.28 |
| Murata 5⅛ 96 | 7/81 | 2168 | 65⅛ | 66⅞ | +0⅛ | 41.64 |
| NKK 6½ 96 | 7/81 | 129 | 66⅛ | 68⅛ | +0⅛ | −20.41 |
| Nippon Electric 5⅛ 97 | 2/82 | 846 | 83 | 84½ | +3½ | 11.41 |
| Orient Finance 5⅛ 97 | 3/82 | 1205 | 73⅛ | 75⅛ | −2½ | 0.11 |
| Sanyo Electric 5 96 | 10/81 | 652 | 60⅛ | 61⅛ | +0⅛ | 23.69 |
| Sumitomo Elec. 5½ 97 | 3/82 | 577.3 | 81⅞ | 83⅝ | +1⅛ | 9.45 |
| Sumitomo Met. 5⅛ 96 | 10/81 | 296.1 | 55⅛ | 56⅞ | +1 | 46.89 |
| Swiss Bk. Cpn. 6¾ 90 | 9/80 | 191 | 72 | 74 | +2 | 36.13 |
| Konishiroku 6⅛ 93 DM | 6/82 | 616 | 100⅞ | 101⅞ | −0⅛ | 19.95 |
| Mitsubishi H. 6 89 DM | 2/82 | 253 | 85½ | 86½ | 0 | 41.86 |



EUROBOND TURNOVER
(nominal value in $m)

| | Cedel | Euro-clear |
|---|---|---|
| **U.S. $ bonds** | | |
| Last week | † | 9,861.5 |
| Previous week | 5,215.1 | 8,968.2 |
| **Other bonds** | | |
| Last week | † | 662.2 |
| Previous week | 777.1 | 649.2 |

† No figures available.

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on August 12

هكذا في الاصل

A copy of this Offer for Sale, having attached thereto the documents specified therein, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for the Ordinary Share capital of Mercantile House Holdings plc ("Mercantile House" or "the Company") issued and now being issued to be admitted to the Official List. This Offer for Sale includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

This Offer for Sale is conditional upon the completion of the agreements referred to in sub-paragraphs (a) (xxi), (xx) and (xv) of Appendix 4 (including the completion of the exercise of the options to exchange promissory notes for shares in the Company as referred to therein) and upon listing being granted (subject only to the posting of Letters of Acceptance) by the Council of The Stock Exchange for the Ordinary Share capital of the Company issued and now being issued by not later than 18th August, 1982. Except where the context otherwise requires, this Offer for Sale has been prepared on the basis that these conditions have been satisfied.

This Offer for Sale does not constitute, and may not be used for the purpose of, an offer or solicitation in any jurisdiction or to any person resident in any jurisdiction, in which or to whom such an offer or solicitation is not authorised by law.

**The Application List for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 19th August, 1982 and may be closed at any time thereafter. The procedure for application is set out below.**

# Mercantile House Holdings plc

## Offer for Sale by S.G. Warburg & Co. Ltd.

## of 6,000,000 Ordinary Shares of 25p each at 375p per share payable in full on application

### Directors

**Robert Renny St. John Barkshire,** T.D., A.I.B., J.P. (Chairman)
Highlands, Chiddingly, near Lewes, Sussex

**Michael John Lumley Kelly, J.P.** (Joint Deputy Chairman)
Littleacre, Jersey Road, Osterley, Isleworth, Middlesex

**Keith Hughesdon** (Joint Deputy Chairman)
Boyles Farmhouse, Harwoods Lane, East Grinstead, Sussex

**Peter Graham Bainbridge**
9 Eliot Vale, Blackheath, London SE3

**Edward Charles Baltes** (U.S.A.)
23 Independence Drive, Manhasset Hills, Long Island, New York

**The Earl of Carrick**
10 Netherton Grove, London SW10

**George Wardrop Fyfe, C.A.**
Gable Cottage, Coombe Hill Road, Kingston upon Thames, Surrey

**Nathan Gantcher** (U.S.A.)
75 Griffen Avenue, Scarsdale, New York

**Graham Barry Greaves**
Ivy House, Ivy House Lane, Berkhamsted, Hertfordshire

**Philip Graham Eyre Greenwell**
2 Peek Crescent, London SW19

**Vincent William Griffo** (U.S.A.)
6 Midfarm Road, Rockville Centre, New York

**Arthur W Hahn** (U.S.A.)
1641 Ravine Terrace, Highland Park, Illinois

**Michael Anthony Knowles**
33 Colbert Avenue, Thorpe Bay, Essex

**Jack Nash** (U.S.A.)
784 Park Avenue, New York, New York

**Stephen Robert** (U.S.A.)
203 East 72nd Street, New York, New York

**Elizabeth Sam** (Singapore)
45 Siang Kuang Avenue, Singapore

**Derrick George Scotchbrook**
Deepdene, Canterbury Road, Herne Bay, Kent

**Anthony William Edward Scrase**
Javea, Station Lane, Milford, near Godalming, Surrey

**Andrew John Conyers Sommerville, F.C.A.**
14 Fawcett Street, London SW10

**Donald Willard Spiro** (U.S.A.)
2 Broadway, New York, New York

**Michael Craig Stoddart**
Compton House, near Kinver, Worcestershire

**Richard John Toomer**
Oldfield, Lewes Road, Haywards Heath, Sussex

**Michael James Warren**
Ridgnalls, Great Horkesley, Colchester, Essex

**Christopher Trefusis White-Thomson**
Baggaretts, White Colne, Colchester, Essex

### Share capital

| Authorised | | Issued and now being issued fully paid |
|---|---|---|
| £ | | £ |
| 11,000,000 | in Ordinary Shares of 25p each | 8,334,089 |
| 20,000,000 | in 7.7 per cent. Convertible Redeemable Preference Shares of £1 each | 20,000,000 |
| 31,000,000 | | 28,334,089 |

*The Ordinary Shares now offered for sale rank in full for all dividends declared or paid on the Ordinary Share capital of the Company after the date hereof, save that they will not be entitled to the final dividend of 10.5p per Ordinary Share in respect of the year ended 30th April, 1982.*

### Summary of information

The following information has been derived from the full text of the offer for sale which includes combined pro forma historical financial information on the Group based on the latest audited consolidated financial statements of the Mercantile House group and the Oppenheimer group. It should be read in conjunction with Appendix 3 and with the full text of the offer for sale.

#### Pro forma financial information

| | Before conversion of convertible preference shares | After conversion of convertible preference shares |
|---|---|---|
| **Profit before taxation** | £34.4 million | £34.4 million |
| **Profit attributable to ordinary shareholders** | £14.2 million | £15.7 million |
| **Earnings per share** | 43.5p | 42.4p |

#### Offer for sale statistics

| | |
|---|---|
| **Offer for sale price per share** | 375p |
| **Gross proceeds** from the offer for sale, including £5.4 million to be received by Electra | £22.5 million |
| **Market capitalisation** at the offer for sale price (including £20 million of convertible preference shares at par) | £145 million |
| **Price/earnings multiple** at the offer for sale price | |
| — before conversion of convertible preference shares | 8.6 |
| — after conversion of convertible preference shares | 8.8 |
| **Gross dividend yield** at the offer for sale price assuming ordinary dividends for the year ending 30th April, 1983 of not less than 14p per share | 5.3 per cent. |
| **Dividend cover** calculated on pro forma earnings per share of 43.5p and ordinary dividends of 14p per share | 3.1 times |

**Secretary and Registered Office**
**Andrew John Conyers Sommerville, F.C.A.**
Mercantile House, 66 Cannon Street, London EC4N 6AE

**Stockbrokers**
**Cazenove & Co.**
12 Tokenhouse Yard, London EC2R 7AN, and The Stock Exchange

**Auditors and Reporting Accountants**
**Price Waterhouse, Chartered Accountants,**
Southwark Towers, 32 London Bridge Street, London SE1 9SY

**Bankers**
**Bank of England**
Threadneedle Street, London EC2R 8AH
**Williams & Glyn's Bank plc**
67 Lombard Street, London EC3P 3DL

**Joint Reporting Accountants on the Oppenheimer group**
**Spicer and Oppenheim, Chartered Accountants,**
St. Mary Axe House, 56/60 St. Mary Axe, London EC3A 8BJ

**Receiving Bankers to the offer for sale**
**National Westminster Bank PLC**
New Issues Department, PO Box No 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD

**Solicitors to the Company**
**Clifford-Turner**
Blackfriars House, 19 New Bridge Street, London EC4V 6BY

**Registrars and Transfer Office**
**Williams & Glyn's Registrars Limited**
P.O. Box 27, 34 Fettes Row, Edinburgh EH3 6UT

**Solicitors to the offer for sale**
**Slaughter and May**
35 Basinghall Street, London EC2V 5DB

### Indebtedness

At the close of business on 9th July, 1982 Mercantile House and its subsidiaries ("the Mercantile House group") together with Oppenheimer Holdings, Inc. and those of its subsidiaries acquired by Mercantile House ("the Oppenheimer group") had outstanding borrowings, other than collateralised borrowings of the Oppenheimer group in the ordinary course of its business, of £ 6.6 million. Subject thereto and save as disclosed in paragraph 2 of Appendix 4, and apart from intra-group liabilities, neither the Mercantile House group nor the Oppenheimer group had outstanding at the close of business on 9th July, 1982 any mortgages, charges, debentures, loan capital or any loan capital created but unissued, or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, material guarantees or other material contingent liabilities.

At the close of business on 9th July, 1982 there had been no material change since 9th July, 1982 in borrowings or indebtedness in the nature of borrowing outstanding other than in the ordinary course of conducting the trading activities of the Mercantile House group or the Oppenheimer group.

## Chairman's Letter

The following is a copy of a letter to S. G. Warburg & Co. Ltd. from Mr. R. R. St. J. Barkshire, Chairman of Mercantile House Holdings plc.

The Directors,
S. G. Warburg & Co. Ltd. 13th August, 1982

Dear Sirs,

In connection with your offer for sale I have pleasure in giving you the following information.

### Introduction

On 1st June, 1982 it was announced that Mercantile House proposed to acquire the Oppenheimer group from the Oppenheimer Partnership and Electra for a consideration of approximately £91 million. In view of the substantial size of the acquisition in relation to the market capitalisation of Mercantile House, the Council of The Stock Exchange suspended the listing of the ordinary shares on that day at the request of the Directors of Mercantile House.

Completion of the acquisition of the Oppenheimer group is now conditional only upon listing being granted by the Council of The Stock Exchange for the ordinary share capital of Mercantile House and the offer for sale has been prepared on the basis that the acquisition has been completed.

Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of Mercantile House to be admitted to the Official List and, subject to this being granted, dealings are expected to commence on 26th August, 1982.

### History

The Company has its origins in the exchange broking business of Marshall and Son which was founded in London in 1868. The Mercantile House group in its present form has evolved since 1967 and the majority of the people involved at that time are still with the Group. The Directors have sought to develop the activities of the Mercantile House group both by expanding its money broking activities and by increasing the range of other financial services.

The policy of extending the international coverage of Marshalls, the Mercantile House group's money broking division, has been achieved by increasing the number of centres around the world in which Marshalls has offices to the current total of 20. A major step towards strengthening Marshalls' presence in the U.S. was the acquisition in 1977 of Lasser Bros., Inc., a leading money broker based in New York. Further acquisitions of money broking companies have included Woollwarth & Co. Limited in 1979 and Cosmorex Holding A.G. in 1981, which have strengthened Marshalls' position respectively in the London market and the continent of Europe.

The range of services other than money broking offered by the Mercantile House group has, in recent years, been developed through two principal divisions. Following the acquisition in 1980 of the companies which now form the William Street group, the group provides a broking service in U.S. fixed interest securities. The acquisitions of Woodstock, Inc. in 1980 and R. J. Rouse & Co. Limited in 1981 have enabled the Mercantile House group to establish itself as a broker in most of the world's principal commodity markets. In addition to these two divisions, the group has extended its activities into fund management, leasing, consultancy and other financial services in the U.K.

The current acquisition of the Oppenheimer group substantially extends the Group's services in the U.S. to include securities brokerage and trading, and fund management. Based on industry statistics, Oppenheimer Brokerage is among the 25 largest U.S. brokerage firms ranked by capital. Oppenheimer Management is one of the leading mutual fund managers in the U.S. in respect of total funds under management.

The Company first obtained a listing on The Stock Exchange by way of an Offer for Sale in July, 1979.

### Business

Mercantile House now has five major divisions engaged in money broking, U.S. fixed interest securities broking, commodity broking, securities brokerage and trading, and fund management; in addition it provides leasing services and has a number of trade investments. In forming these divisions some integration between the Mercantile House group and the Oppenheimer group is taking place.

### Money broking

Marshalls is an international money broker, providing a service to the international foreign exchange and deposit markets through its offices around the world. Its customers are mainly banks but also include governments, government agencies, local government authorities, other financial institutions and commercial and industrial companies. Marshalls' income is derived from charging commissions to its customers and, except for Lasser as described below, not from taking a position in the markets or trading for its own account.

Marshalls' largest offices are in London and New York and it also has offices in Jersey, Glasgow, Dublin, the Isle of Man, Amsterdam, Geneva, Luxembourg, Zurich, Panama, San Francisco, Toronto, Hong Kong, Singapore, Sydney and Tokyo. In Bahrain and Kuwait it has management contracts to operate broking companies owned in conjunction with local associates and it owns 25 per cent. of a broker in Manila. Marshalls also has agency arrangements with brokers in Frankfurt, Madrid, Milan, Paris, Colombo and Kuala Lumpur which enable its offices to increase their coverage of these centres. On a normal working day, the geographical spread of Marshalls' offices enables at least one office to be active in the markets at all times. Marshalls is a member of the appropriate associations and representative bodies for brokers in the centres in which it operates.

The recent trend in money broking has been towards a concentration of business into a small number of larger brokers who are able to offer a more comprehensive service to their customers, a trend which has been accelerated by the introduction of volume discounts in some centres, including London and New York. Marshalls' worldwide network has enabled it to take advantage of this trend and to emerge as one of the leading international brokers. Highly developed international communications facilities and the ability to obtain the most competitive rates make it likely that users of the money markets will make increasing use of the services of larger brokers such as Marshalls.

In the U.S., Lasser also participates in the short term money market as a principal. In this market Lasser enters into repurchase and resale agreements with banks, broker-dealers and others wishing to buy or sell U.S. Government and Federal agency securities and certificates of deposit in order to lend or borrow short term funds. Lasser derives earnings from the difference in the interest rates on the funds involved. Although a margin is always established between the market value of the underlying security and the funds supplied, Lasser is exposed to credit risk in the event of a material change in the market value of the underlying security and, on occasion, it is also exposed to movements in interest rates when a part of its portfolio is not fully matched.

### Definitions

In the offer for sale, where the context permits, the following expressions shall bear the following meanings:—

**Mercantile House or the Company**
Mercantile House Holdings plc

**the Mercantile House group**
Mercantile House and its subsidiaries before the acquisition of the Oppenheimer group

**the Group**
Mercantile House and its subsidiaries after the acquisition of the Oppenheimer group

**Marshalls**
the Mercantile House group's money broking companies including, inter alia, Lasser

**Lasser**
Lasser Marshall, Inc.

**the William Street group**
William Street Brokers, Inc. and its operating subsidiaries

**FBI**
Fundamental Brokers, Inc.

**JPC**
JPC Brokers, Inc.

**Dahlke**
Dahlke & Co., Inc.

**the Rouse Woodstock group**
Rouse Woodstock International Limited and its operating subsidiaries

**SIMCO**
Saturn Fund Management Limited

**SEFCO**
Saturn Export Finance Co. Limited

**Saturn Management**
Saturn Management Limited

**Oppenheimer Holdings**
Oppenheimer Holdings, Inc.

**the Oppenheimer group**
Oppenheimer Holdings and those of its subsidiaries acquired by Mercantile House

**Oppenheimer Brokerage**
Oppenheimer & Co., Inc.

**Oppenheimer Management**
Oppenheimer Management Corporation

**Oppenheimer Capital**
Oppenheimer Capital Corp.

**Oppenheimer Properties**
Oppenheimer Properties, Inc.

**the Oppenheimer Partnership**
Oppenheimer & Co., a New York limited partnership

**Electra**
Electra Investment Trust P.L.C.

**Globe**
Globe Investment Trust P.L.C.

**ordinary shares**
Ordinary Shares of 25p each in Mercantile House

**convertible preference shares**
7.7 per cent. Convertible Redeemable Preference Shares of £1 each in Mercantile House

**offer for sale**
the Offer for Sale of ordinary shares, as described in this document

### U.S. fixed interest securities broking

The U.S. fixed interest securities broking activities of the Group are carried on through FBI, JPC and Dahlke, the operating subsidiaries within the William Street group, which are based together in New York.

FBI, the major contributor to the William Street group's profits, is a broker in U.S. Government bonds, notes, bills and Federal agency securities and has recently commenced broking operations in discount notes, certificates of deposit and bankers' acceptances. FBI does not trade on its own behalf but is an intermediary between the banks and large brokerage houses which are recognised as primary dealers by the Federal Reserve Bank and are members of the Primary Dealers Association, of which FBI is itself an associate member. Its broking income is closely related to trading volumes in U.S. Government securities. FBI believes it is the largest broker in this market.

JPC is a broker, between banks and large brokerage companies, in Government National Mortgage Association ("GNMA") obligations. The GNMA is a Federal agency which issues securities representing interests in pools of mortgage loans, providing finance for residential mortgages. Like FBI, JPC's broking income is related to trading volumes, which in this market are affected both by the volume of new issues (reflecting activity in the U.S. housing market) and by the level of interest rates and conditions in debt securities markets generally. JPC does not trade in GNMA obligations on its own account. Dahlke, acquired in June, 1981, is a broker in U.S. municipal notes and bonds.

*The William Street group also includes Primary Clearance Corporation ("PCC") which provides* software for a computerised direct clearing service for dealers in U.S. Government securities. It derives its income from royalties on transactions cleared through The Bank of New York's computer facilities utilising PCC's software.

### Commodity broking

Commodity broking is carried on through the Rouse Woodstock group in the U.K., the U.S., Australia and Singapore. The Rouse Woodstock group's income, like most commodity brokers, arises from the generation of commissions from customers, from trading on its own account and from interest earned on customers' balances. Commission income is received from a broad range of corporate and institutional customers in the U.K. and individual and institutional customers in the U.S. While a commodity broker is liable for the financial obligations of its customers, this risk is reduced by credit control and the close supervision of margin arrangements. The Rouse Woodstock group's trading for its own account is generally restricted to short term jobbing positions, trading physicals against futures and arbitrage between different markets or different contract months. All own account trading is carried on within clearly laid down limits which are monitored daily.

In the U.K., Rouse Woodstock Limited (formerly R. J. Rouse & Co. Limited) specialises in soft commodities and is a member of the sugar, coffee and cocoa commodity exchanges, in which commodities it has in recent years been most active. It also operates in other soft commodities and in financial futures, gold and silver, petroleum products, futures options and commodity actuals, and is a member or associate member of all the exchanges in the London markets relevant to its principal businesses. Through Marshall Rouse Woodstock Limited, it is a member of the London International Financial Futures Exchange and will offer a specialised brokerage service to banks and other financial institutions in conjunction with Marshalls, thus taking advantage of the Group's experience and expertise in both money and commodity broking.

In the U.S., Rouse Woodstock Inc. (formerly Woodstock, Inc.) offers a broking service in the full range of commodity futures and a significant proportion of its business is in financial futures. It is registered as a Futures Commission Merchant in accordance with the U.S. Commodity Exchange Act and is a clearing member of all the principal U.S. exchanges. The headquarters of Rouse Woodstock Inc. are in Chicago and it conducts its business through 10 sales offices in the U.S. and a number of agents. Rouse Woodstock Inc. should derive immediate benefit from the commission business generated by Oppenheimer Brokerage's retail and institutional outlets.

In Australia, the Rouse Woodstock group is a member of the Sydney Futures Exchange and specialises in financial futures as well as offering a service in other commodities. U.R.B. Rouse Woodstock (Private) Limited, based in Singapore, offers a gold futures service and is a member of The Gold Exchange of Singapore.

### Securities brokerage and trading

Securities brokerage and trading is carried on in the U.S. by Oppenheimer Brokerage which is the incorporated successor to the brokerage and related financial services businesses of the Oppenheimer Partnership, a New York limited partnership formed in 1950. Oppenheimer Brokerage is a member firm of the New York Stock Exchange and all other principal U.S. securities exchanges, providing its individual, corporate and institutional customers with the services of a broker in securities and options and of a dealer in corporate, government and municipal securities. Oppenheimer Brokerage, like other U.S. brokerage firms, operates on the principle of dual capacity as a broker for its customers and as a trader for its own account. In addition, it provides a range of other financial services.

Before fixed commission rates were eliminated in 1975, Oppenheimer Brokerage's customers were primarily institutional investors. Since then, Oppenheimer Brokerage has diversified and, as well as providing a broad range of brokerage and investment services to its corporate and institutional customers, backed by its own research and analysis, it has concentrated on providing services to higher-income, financially sophisticated individual investors. In order to generate increased business from this source, Oppenheimer Brokerage has sought to build up a highly *motivated sales force and directs substantial efforts towards developing and offering specialised* investment products with potentially higher returns and tax advantages, but with a higher degree of risk for investors. These products include investments in selected arbitrage, property, oil and gas, and venture capital opportunities.

In addition to its principal office in New York, Oppenheimer Brokerage has also opened retail branch offices in Chicago (in 1976), Los Angeles (in 1977), Fort Lauderdale (in 1978) and Houston (in 1981), and an institutional sales office in London (in 1971). Unlike a number of its larger competitors, Oppenheimer Brokerage's strategy is to develop accounts on a regional basis from a few larger offices in major centres.

Two of the present subsidiaries within the Mercantile House group, Saturn Management and SEFCO, which provide corporate financial services including export finance consultancy, will be combined with Oppenheimer Brokerage's London office and will trade under the name Oppenheimer. This will broaden the range of services provided by Oppenheimer Brokerage in the U.K. and extend the number of outlets available to Saturn Management and SEFCO.

Oppenheimer Brokerage's revenues arise primarily from customer related activities and own account trading and also from mergers and acquisitions activities.

*Customer related activities include:*

— transactions as agent, in listed and over-the-counter securities and options on behalf of institutional and individual customers, for which Oppenheimer Brokerage earns commissions. By offering the specialised investment products described above, Oppenheimer Brokerage believes it attracts individual investors from whom additional revenues can be generated. It also carries out transactions, as agent, in commodities. Access to the Rouse Woodstock group's international commodity network will considerably enhance the range of services and advice which Oppenheimer Brokerage can make available to its customers;

— transactions as principal, in over-the-counter preferred and common stocks and in corporate, government and municipal debt securities. Oppenheimer Brokerage is a dealer in these securities, buying from and selling to other dealers and market makers, to facilitate transactions for its customers. Oppenheimer Brokerage is itself a market maker in *approximately 100 securities in the over-the-counter market. In order to generate* additional commission income, Oppenheimer Brokerage engages in block positioning by purchasing from institutional customers wishing to sell large blocks of securities immediately that part of any block which cannot simultaneously be sold on the market;

— customer financing, when credit is extended to enable customers' securities transactions to be settled on a margin as distinct from a cash basis. Oppenheimer Brokerage charges interest on the credit extended which is collateralised by the securities in customers' margin accounts. Credit extended is limited to the amount permitted by the regulatory authorities for the relevant type of transaction. This activity is financed principally from bank borrowings and customers' credit balances;

— the purchase of corporate and municipal securities, through participation in underwriting syndicates managed by other firms for resale to customers;

— the originating, structuring and marketing of property investments on which front-end placement and management fees are normally received. Most of the property investments, which are devised by Oppenheimer Properties (a subsidiary of Oppenheimer Holdings), have certain tax advantages and are marketed through Oppenheimer Brokerage. Oppenheimer Properties also syndicates property investments brought to it by others, but, in such cases, does not receive a management fee; and

— the raising, through the financial services department, of new capital for a variety of businesses, principally through private placements of securities on which front-end placement and management fees are earned.

Oppenheimer Brokerage considers all these activities as components of the same business, with the object of providing a wide range of services to customers. Oppenheimer Brokerage's customers include the funds managed by Oppenheimer Management and clients of Oppenheimer Capital and in the year ended 31st January, 1982 approximately 7 per cent. of revenues from brokerage commissions was derived from these sources.

Own account trading includes:

— risk arbitrage, which involves taking positions in securities during take-over and merger situations. The positions taken can in aggregate be large but exposure is controlled through hedging and by limiting the size of individual positions. Risk arbitrage activities have reduced Oppenheimer Brokerage's effective rate of tax and will remain an important part of the tax planning of the U.S. operations of the Group;

— option trading, where Oppenheimer Brokerage takes positions, the majority of which are hedged in stock options and the underlying securities. Transactions are entered into when option prices diverge substantially from those predicted by the company's proprietary computer model of option prices;

— trading in corporate and municipal debt securities and in over-the-counter equities; and

— trading in fixed income securities, including domestic and eurodollar money market instruments, and, increasingly, in government securities through a recently established department. In addition, matched repurchase and resale agreements are entered into to earn an interest rate profit.

Continued overleaf

Continued from previous page

Mergers and acquisitions activities are carried on by a department of Oppenheimer Brokerage which acts on behalf of corporate clients in initiating, structuring and negotiating mergers, acquisitions and disposals. Remuneration for such services is generally in the form of fees for specific projects.

As a registered broker-dealer and a member firm of the New York Stock Exchange, Oppenheimer Brokerage is subject to extensive regulation under U.S. Federal and state laws and, in particular, to the Uniform Net Capital Rule of the Securities and Exchange Commission, which specifies uniform minimum net capital requirements and is designed to regulate the general financial status and liquidity of a broker-dealer. At 31st January, 1982, Oppenheimer Brokerage's net capital under Federal regulations was U.S.$30.1 million (£16.9 million) which gave a margin of U.S.$14.9 million (£8.4 million) over the most restrictive of the measures under these rules. Oppenheimer Brokerage is also subject to similar requirements by the U.S. Commodities Futures Trading Commission.

Oppenheimer Brokerage, in common with its competitors, undertakes certain business activities which give rise to risk of financial loss. In the course of its normal customer activities and in connection with its own account trading, Oppenheimer Brokerage takes positions in securities. The size of these positions can be very substantial and varies depending on factors such as economic and market conditions, customer demands and trading volume. There are additional risks in connection with the trading activities in U.S. Treasury and GNMA obligations as there are often no margin requirements and, in the case of transactions in GNMA obligations, periods before settlement can be extensive.

All aspects of the business of Oppenheimer Brokerage are subject to competition, which has been increasing as banks and insurance companies extend their range of financial services. Brokerage activities in the securities industry also carry risks both from litigation, of which there has been an increased incidence in recent years, and from bad debts. Results can be affected by the mix of business between institutional and individual investors, the prevailing level of interest rates and, because a proportion of expenses is relatively fixed, by fluctuations in the volume of activity in securities markets.

**Fund management**

The Group now has three fund management businesses. Oppenheimer Management devises and markets mutual funds in the U.S., Oppenheimer Capital is an investment manager for discretionary and non-discretionary accounts in the U.S. and SIMCO, at present a subsidiary within the Mercantile House group, manages short term money funds in the U.K. Oppenheimer Management and SIMCO are being combined to create the base from which Mercantile House intends to develop an international fund management group and carry out its policy of offering a complete range of domestic and offshore funds to investors throughout the world.

Oppenheimer Management provides investment management services to a group of 21 open-ended mutual funds. At 31st December, 1981, this group of funds had total assets of approximately U.S.$8,300 million (£4,663 million) held by some 800,000 mutual fund shareholders.

Oppenheimer Management offers a wide range of funds for investors, including money market funds. It promotes and markets its funds through brokerage firms, insurance companies and established financial planners. In 1981 it is estimated that as many as 7,000 individual sales representatives from these outlets were involved in selling these funds, with approximately 60 per cent. of new sales in 1981 being made through New York Stock Exchange member firms. The funds are also promoted through Oppenheimer Management's national advertising programme.

Oppenheimer Management derives its revenues primarily from charges based on the net asset value of the funds under management. With the exception of the money market funds, there is also a front-end sales charge, most of which is paid to the selling agent. Money market funds represent approximately 80 per cent. of the total funds under management but contribute approximately 60 per cent. of total revenues of Oppenheimer Management principally due to lower rates of charges. The advisory contracts under which such charges are payable are subject, under U.S. law, to approval by the shareholders of the mutual funds and to annual renewal by the independent Directors of the mutual funds, and may be terminated at short notice at the discretion of such independent Directors.

Oppenheimer Management has voting control of, and owns approximately a 30 per cent. equity interest in, Centennial Capital Corporation ("Centennial"). Centennial is the investment adviser for 8 of the 21 funds under management by Oppenheimer Management, including the Daily Cash Accumulation Fund, a money market fund which at 31st December, 1981 had total assets of U.S.$5,354 million (£3,008 million). Oppenheimer Management manages the daily operations of these funds and is responsible for all marketing and investment decisions. The other principal shareholders in Centennial are A. G. Edwards & Sons, Inc. and Thomson McKinnon Securities, Inc., New York Stock Exchange member firms, which both play an active part in marketing the Centennial funds.

Oppenheimer Capital, a registered investment adviser, manages and advises on equity and fixed income assets for corporate, state, municipal and trade union employee benefit plans, endowment funds and individual accounts. At 31st December, 1981 total assets under management by Oppenheimer Capital were approximately U.S.$3,300 million (£1,854 million), of which U.S.$2,100 million (£1,180 million) were assets under discretionary management. At that date, its clients totalled approximately 400.

Oppenheimer Capital's principal competitors include brokerage firms, banks and trust companies, insurance companies and other professional money managers. Oppenheimer Capital, which is ranked among the 50 largest pension fund managers in the U.S., believes that it has increased its overall market share in recent years and that its growth will continue, based, among other factors, on projected increases in total pension funds under management and its growing recognition in the fund management industry.

Oppenheimer Capital's revenues are derived from charges based in most cases on a percentage of assets under management; its clients pay all brokerage commissions incurred. Under U.S. regulations, brokerage business for clients must be allocated by Oppenheimer Capital on a competitive basis among a large number of brokerage firms, including Oppenheimer Brokerage. The assets are managed under advisory contracts which can be terminated at short notice by the client.

SIMCO is the manager of two sterling short term money funds which are widely used by stockbrokers, accountants and other professional advisers in the U.K. These funds enable a number of small deposits to be combined into larger marketable amounts, which are then placed at more advantageous rates in the sterling money market exclusively with local authorities and with clearing banks and their banking subsidiaries. SIMCO operates a similar fund in short term U.S. dollar deposits. At 30th April, 1982, the SIMCO money funds totalled approximately £160 million.

**Leasing and trade investments**

The Group provides a service in equipment leasing in the U.K. and has a number of trade investments. Saturn Leasing Limited provides equipment leasing consultancy services, primarily to the U.K. public sector, and was the first specialist consultant to enter this expanding market. The Mercantile House group's other interests include shareholdings in Spedley Holdings Limited (14.9 per cent.), merchant bankers in Australia, and Gulf Financial Services Limited (44 per cent.) and Pan Arab Management KCSC (49 per cent.), both of which offer financial services in the Middle East.

## Directors and Staff

**Directors**

I have been Chairman of the Company since its incorporation in 1972 and my principal responsibility is for the formulation and execution of the Group's corporate and financial policies. I am also Chairman of the London International Financial Futures Exchange, and a non-executive Director of the Extel Group PLC. I am aged 46. **Mr. M. J. L. Kelly** (50) is joint Deputy Chairman of the Company and Chairman of Marshalls which he joined in 1957. He has been a Director of the Company since its incorporation. From 1971 to 1976 he was Chairman of the Foreign Exchange and Currency Deposit Brokers' Association in London. He is responsible for money broking activities throughout the Group. **Mr. K. Hughesdon** (50) is joint Deputy Chairman of the Company and Chairman of Saturn Leasing Limited. He has been a Director of the Company since its incorporation. He was the first Chairman of the Sterling Brokers' Association from 1979 to January, 1982.

**Mr. P. G. Bainbridge** (35) joined the group in 1968 and was appointed a Director of the Company in 1979. He is currently responsible for developments in international communications within the Group. **Mr. E. C. Baltes** (37) was appointed a Director of the Company in 1981 and is President of Lasser. He had joint responsibility for the development of Lasser from its formation in 1972 and has been with the Mercantile House group since Lasser's acquisition in 1977. **Mr. N. Gantcher** (42) will be appointed a Director of the Company upon completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1975 and is an Executive Vice President of Oppenheimer Holdings and of Oppenheimer Brokerage. **Mr. G. B. Greaves** (45) is Development Director. He was appointed a Director of the Company in August, 1982 having joined the group from Consolidated Gold Fields P.L.C. **Mr. V. W. Griffo** (45) is President of the William Street group. He was appointed a Director of the Company in 1981. **Mr. A. W. Hahn** (38) is Chief Executive of Rouse Woodstock Inc. and was appointed a Director of the Company in 1981, having previously specialised in commodity matters as a partner in the Chicago firm of attorneys, Katten, Muchin, Zavis, Pearl & Galler. **Mr. M. A. Knowles** (40) joined Marshalls in 1965 and was appointed a Director of the Company in 1976. He is Chief Executive of Marshall Woolfwarth & Company Limited. He is also Chairman of the Foreign Exchange and Currency Deposit Brokers' Association in London and a member of the Joint Standing Committee concerned with the foreign exchange market. **Mr. J. Nash** (53) will be appointed a Director of the Company following completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1957 and is Chairman of the Board and Chief Executive Officer of Oppenheimer Holdings and of Oppenheimer Brokerage. **Mr. S. Robert** (42) will be appointed a Director of the Company following completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1970 and is President and Chief Operating Officer of Oppenheimer Holdings and of Oppenheimer Brokerage. **Mrs. E. Sam** (43) was appointed a Director of the Company in 1981 and is responsible for the interests of the Group in the Asian and Pacific region where she is resident. She was previously Chief Manager, and Manager of the International Department, of the Monetary Authority of Singapore. **Mr. D. G. Scotchbrook** (47) joined Marshalls in 1961 and has been a Director of the Company since its incorporation. **Mr. A. W. E. Scrase** (46) was appointed a Director of the Company in 1981 following the acquisition of R. J. Rouse & Co. Limited which he joined in 1970. He is Chief Executive of Rouse Woodstock Limited. **Mr. A. J. C. Sommerville** (44) joined the group in 1972 as Company Secretary and was appointed Finance Director in 1980. **Mr. D. W. Spiro** (56) will be appointed a Director of the Company following completion of the acquisition of the Oppenheimer group. He has been a general partner of the Oppenheimer Partnership since 1968 and is President and Chief Executive Officer of Oppenheimer Management and an Executive Vice President of Oppenheimer Holdings. **Mr. R. J. Toomer** (38) joined the group in 1967 and was appointed a Director of the Company in 1980. He is a Director of Marshalls and is responsible for co-ordinating its worldwide operations. **Mr. M. J. Warren** (45) joined the group in 1967 and was appointed a Director of the Company in 1978. He is Chief Executive of M. W. Marshall (Sterling) Limited. **Mr. C. T. White-Thomson** (42) joined the group in 1969 and was appointed a Director of the Company in 1980. He is Chief Executive of SIMCO and principally responsible for the development of the fund management activity of the Group in the U.K.

All the executive Directors have full-time service agreements for a period of five years except for Mr. Nash, whose contract, unless renewed, expires in March, 1984 and provides that he may spend a decreasing proportion of his time on the Group's affairs.

There are currently three non-executive Directors of the Company. **The Earl of Carrick** (50) was appointed a Director in 1979. He is also a non-executive Director of the Bowater Corporation PLC and a Director of Cargill Albion Limited (a major commodity trading and broking group). **Mr. G. W. Fyfe** (70) was appointed a Director in 1976. **Mr. P. G. E. Greenwell** (56) was appointed a Director in 1981. He was previously senior partner of the London stockbroking firm of W. Greenwell & Co. **Mr. M. C. Stoddart** (50) will be appointed a non-executive Director following completion of the acquisition of the Oppenheimer group. He is Deputy Chairman and Chief Executive of Electra and a Director of Globe. He has been a Director of Oppenheimer Brokerage since 1975 and more recently has become a Director of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Properties.

**Management**

The Group has a decentralised management structure. The Board believes strongly that day to day management and control is most effectively exercised by being delegated to each division: head office staff are kept to a minimum. In view, however, of the increased size and diversity of the Group, an executive committee has been formed to be responsible for overall management and co-ordination of the Group's activities within the strategic guidelines laid down by the Board. The executive committee will consist of myself, the executive Directors responsible for the day-to-day operations of each of the Group's divisions, the Finance Director and the Development Director.

**Staff**

The Group employs a total staff of approximately 3,800. Marshalls employs 1,195 of whom 920 are dealers, with the largest offices being in London, where 400 dealers are employed, and New York, where 222 dealers are employed. The William Street group has a staff of 225 and the Rouse Woodstock group a total staff of 209, of whom 71 are in London and 125 in the U.S. Oppenheimer Brokerage has approximately 1,650 employees, including approximately 350 account executives who are engaged primarily in customer sales activities. Oppenheimer Management has a total staff of approximately 450, of whom 100 are based in New York and 350 at the administrative offices in Denver. Oppenheimer Capital employs approximately 50 staff in New York.

In recognition of the importance of attracting and retaining suitable staff, employees throughout the Group are remunerated in accordance with relevant market practices with competitive salaries and incentive payments. These incentive payments can include both commission sharing arrangements and participation in bonus pools which are related to the profitability of a particular part of the business. Profit before taxation in the table shown below is after charging remuneration amounting to approximately £86 million (including Directors), representing some 39 per cent. of total (pro forma) operating expenses; of this total, £39 million represented fixed remuneration.

## Profits and Dividends

**Profits**

Both the Mercantile House group and the Oppenheimer group have significantly increased turnover and profits over the last five years. Separate accountants' reports on the two groups are set out in Appendices 1 and 2.

The Mercantile House group's recent financial record shows substantial growth. Since 1978, profit before and after taxation has increased in each year and earnings per share have shown an increase of 280 per cent. This has been achieved both by the expansion of established businesses within the group and by acquisitions. Apart from the commodity broking activities, whose results have reflected the low level of activity throughout the world's commodity markets and expenditure incurred in expanding the business, all parts of the group contributed to the increased profit for the year ended 30th April, 1982. The Mercantile House group has made a satisfactory start to the current year.

The financial record of the Oppenheimer group also shows substantial growth in profit since 1978. Profit for the financial year ended 31st January, 1982 was, however, lower than that for the preceding year, largely because brokerage commission income declined as a result of a generally lower level of individual investor activity and expenses increased as a result of higher employee remuneration. Against this, there was growth in income from own account trading and mergers and acquisitions activities and a significant increase in profit from fund management. Brokerage and trading profit in the financial year to date has continued to be affected by the low level of individual investor activity in financial markets. The unaudited management accounts of the Oppenheimer group for the 5 months ended 30th June, 1982 show profit attributable to shareholders of U.S.$5.1 million (£2.9 million) compared with U.S.$8.1 million (£4.6 million) in the equivalent period of the previous year. Historically, profit from securities brokerage and trading has fluctuated from month to month and results for an interim period cannot be taken as an indication of the likely out-turn for a full year. Profit from the fund management businesses has continued to increase in the current financial year.

The table below summarises the effects on turnover, profit and earnings per share of the Group of combining the audited results of the Mercantile House group for the year ended 30th April, 1982 with the audited results of the Oppenheimer group for the year ended 31st January, 1982, after making certain adjustments as set out in Appendix 3.

| | Before conversion of convertible preference shares £ million | After conversion of convertible preference shares £ million |
|---|---|---|
| Turnover | 252.1 | 252.1 |
| Profit before taxation | 34.4 | 34.4 |
| Taxation | (15.9) | (15.9) |
| Profit after taxation | 18.5 | 18.5 |
| Minority interest | (2.8) | (2.8) |
| Preference dividends | (1.5) | — |
| Profit attributable to ordinary shareholders | 14.2 | 15.7 |
| Earnings per share | 43.5p | 42.4p |
| Price/earnings multiple (at the offer for sale price of 375p) | 8.6 | 8.8 |

On the basis of the pro forma results, the proportion of the profit before taxation (of which approximately three quarters arose in the U.S.) contributed by each division of the Group was as follows:—

| | Per cent. |
|---|---|
| Money broking | 30 |
| U.S. fixed interest securities broking | 18 |
| Commodity broking (note (ii)) | — |
| Securities brokerage and trading (note (iii)) | 29 |
| Fund management (notes (iv) and (v)) | 21 |
| Leasing and trade investments | 2 |
| | 100 |

Notes:
(i) Based on profit before taxation after reflecting the interest expense arising on the acquisition of the Oppenheimer group.
(ii) The Rouse Woodstock group made a loss before taxation of £1.3 million and has therefore been excluded from the percentage calculations.
(iii) Includes the results of Saturn Management and SEFCO.
(iv) Includes the results of SIMCO.
(v) Stated net of minority interest in Centennial, a subsidiary of Oppenheimer Management.

**Dividends**

*In the absence of unforeseen circumstances, the Directors intend to recommend total dividends in* respect of the current year ending 30th April, 1983 of not less than 14p per ordinary share (equivalent to 20p per ordinary share, inclusive of the related tax credit at the current rate of 3/7ths) on the increased share capital. Total dividends of 14p per ordinary share would be covered over 3 times by pro forma earnings per share of 43.5p as set out above and would represent a gross yield of 5.3 per cent. on the offer for sale price of 375p per share.

## The Offer For Sale

The consideration for the acquisition of the Oppenheimer group payable in cash amounts to £66.3 million out of a total consideration of £91 million. This has been financed (i) through the subscription by Globe of 5 million new ordinary shares at 400p per share and 20 million convertible preference shares at par for a total of £40 million, (ii) from the Mercantile House group's existing cash resources and bank facilities to the extent of £10.4 million and (iii) by the net proceeds of the offer for sale receivable by the Company amounting to £15.9 million. The balance of the total consideration of £91 million has been satisfied by the issue of 4,471,772 ordinary shares to Electra and 1,703,116 ordinary shares to the Oppenheimer Partnership.

6,000,000 ordinary shares are now being offered for sale. Of these, 4,550,000 are new ordinary shares to be subscribed in cash to provide part of the cash consideration as referred to above, and 1,450,000 are being made available by Electra out of the ordinary shares received by it on the sale of its holdings in the Oppenheimer group.

Following the offer for sale, Electra's interest in the ordinary share capital of Mercantile House will be approximately 10.5 per cent. and Globe will hold an interest of approximately 15 per cent., which would increase to approximately 25.1 per cent. on conversion of the convertible preference shares. Globe, Electra and the Oppenheimer Partnership have each agreed, inter alia, to restrictions on disposals of shares in Mercantile House. Details of these arrangements are set out in sub-paragraphs 5(c) and 5(f) in Appendix 4.

## The Future

The businesses of the Mercantile House group have grown substantially during the past fifteen years. Throughout this period it has been the Board's policy to increase the range of the Group's services in order to achieve our aim of operating throughout the world's money, securities and related markets. It has also been the Board's policy to achieve a broad spread of business in order to reduce our reliance on any single aspect of these markets.

The acquisition of the Oppenheimer group has given us the opportunity to progress a long way towards fulfilling these strategic objectives. There will be some immediate benefits but, more importantly, the acquisition puts in place the framework for development and growth over the next decade. The Board's immediate priority is to ensure that all the potential benefits of the acquisition are fully exploited and to develop all parts of the Group throughout the international market place.

The Board believes that there will be a considerable number of changes in international financial markets in the years ahead. It considers that the Group is ideally placed to take advantage of these changes and of the many other opportunities that are likely to occur. The Board therefore views the future prospects for the Group with great confidence.

Yours faithfully,
R. R. ST. J. BARKSHIRE,
Chairman.

### Appendix 1

**Accountants' report on the Mercantile House group**

The following is a copy of a report to the Directors of Mercantile House and of S. G. Warburg & Co. Ltd. made by the auditors and reporting accountants, Price Waterhouse, Chartered Accountants, on the Mercantile House group:—

The Directors,
Mercantile House Holdings plc.
The Directors,
S. G. Warburg & Co. Ltd.

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.
13th August, 1982

Gentlemen,

We have examined the financial statements of Mercantile House Holdings plc ("Mercantile House") and its subsidiaries (together "the Mercantile House group") for the five years ended 30th April, 1982. The financial statements were prepared under the historical cost convention.

In our opinion, the financial information set out below, which has been prepared from the audited financial statements after making such adjustments as we consider appropriate, gives under the historical cost convention a true and fair view of the state of affairs of Mercantile House and the Mercantile House group at 30th April, 1982 and of the profits and source and application of funds of the Mercantile House group for the five years then ended.

No audited financial statements for any of the companies in the Mercantile House group have been prepared for presentation to the shareholders in respect of any period since 30th April, 1982.

**Consolidated profit and loss accounts**

| | Notes | 1978 £'000 | 1979 £'000 | 1980 £'000 | 1981 £'000 | 1982 £'000 |
|---|---|---|---|---|---|---|
| | | Years ended 30th April, | | | | |
| Turnover | 1 | | | | | |
| Money broking | | 10,768 | 15,472 | 19,490 | 27,095 | 43,818 |
| U.S. fixed interest securities broking | | 189 | 362 | 472 | 7,305 | 20,331 |
| Commodity broking | | — | — | — | 2,470 | 7,021 |
| Other financial services | | 202 | 454 | 908 | 1,805 | 1,981 |
| | | 11,159 | 16,288 | 20,870 | 38,675 | 73,151 |
| Profit/(loss) before taxation | 2 and 17 | | | | | |
| Money broking | | 1,961 | 2,505 | 3,423 | 4,888 | 9,108 |
| U.S. fixed interest securities broking | | — | — | — | 1,764 | 5,521 |
| Commodity broking | | — | — | (5) | (390) | (1,263) |
| Other financial services | | [illegible] | 82 | 163 | 1,068 | 1,037 |
| | | 1,732 | 2,587 | 3,586 | 7,330 | 14,403 |
| Taxation | | 744 | 1,440 | 1,888 | 3,678 | 7,485 |
| Profit after taxation | | 1,038 | 1,147 | 1,698 | 3,652 | 6,918 |
| Minority interest | | — | — | 8 | 24 | 14 |
| Profit after minority interest | | 1,038 | 1,147 | 1,690 | 3,628 | 6,904 |
| Profit on sale of minority interest in subsidiary | | — | — | 125 | — | — |
| Profit attributable to shareholders | | 1,038 | 1,147 | 1,815 | 3,628 | 6,904 |
| Dividends | | 429 | 523 | 739 | 1,232 | 2,462 |
| Profit retained | | 609 | 624 | 1,076 | 2,396 | 4,442 |
| Earnings per share | | 10.72p | 10.78p | 14.10p | 25.95p | 41.08p |
| Dividends per share | | 4.16p | 4.91p | 5.75p | 9.38p | 14.00p |

**Balance sheets at 30th April, 1982**

| | Notes | Mercantile House group £'000 | Mercantile House group £'000 | Mercantile House £'000 | Mercantile House £'000 |
|---|---|---|---|---|---|
| Assets employed: | | | | | |
| Premium on acquisitions | 1 | | 19,399 | | — |
| Fixed assets | 5 | | 11,354 | | — |
| Investments | 6 | | 2,179 | | 7,854 |
| | | | 32,932 | | 7,854 |
| Current assets | | | | | |
| Amounts receivable in respect of U.S. securities purchased under agreements to resell | 1 | 179,131 | | — | |
| Other debtors | 7 | 32,053 | | 28,456 | |
| Assets held for resale | 8 | 5,500 | | — | |
| Cash at bank and in hand | | 16,990 | | 105 | |
| | | 233,674 | | 28,561 | |
| Current liabilities | | | | | |
| Bank overdrafts | 9 | 11,599 | | 9,143 | |
| Amounts payable in respect of U.S. securities sold under agreements to repurchase | 1 | 178,162 | | — | |
| Other creditors | 10 | 43,840 | | 4,818 | |
| Proposed dividend | | 1,849 | | 1,849 | |
| | | 235,450 | | 15,810 | |
| Net current assets/(liabilities) | | | (1,776) | | 12,751 |
| Deferred taxation | 3 | | (156) | | — |
| | | | 30,970 | | 20,605 |
| Financed by: | | | | | |
| Capital and reserves | | | | | |
| Share capital | 11 | | 4,403 | | 4,403 |
| Reserves | 12 | | 26,454 | | 16,202 |
| Shareholders' funds | | | 30,857 | | 20,605 |
| Minority interest | | | 53 | | — |
| | | | 30,970 | | 20,605 |

***Consolidated statements of source and application of funds***

| | 1978 £'000 | 1979 £'000 | 1980 £'000 | 1981 £'000 | 1982 £'000 |
|---|---|---|---|---|---|
| | Years ended 30th April, | | | | |
| **Source of funds** | | | | | |
| Profit before taxation | 1,732 | 2,587 | 3,586 | 7,330 | 14,403 |
| Adjustments for items not involving the movement of funds:— | | | | | |
| Depreciation | 228 | 295 | 338 | 728 | 1,360 |
| Exchange adjustments | (72) | 17 | (87) | (165) | 1,049 |
| Other | 51 | 3 | 114 | — | 77 |
| **Total generated from operations** | 1,989 | 2,902 | 3,951 | 7,873 | 16,889 |
| **Funds from other sources** | | | | | |
| Sale of fixed assets | 122 | 219 | 99 | 273 | 1,194 |
| Sale of investments and minority interest | — | — | 194 | 23 | — |
| Issue of shares less expenses | 1,445 | — | 1,384 | 2,400 | 12,394 |
| **Total sources** | 3,556 | 3,121 | 5,628 | 10,569 | 30,477 |
| **Application of funds** | | | | | |
| Dividends paid | 251 | 475 | 745 | 859 | 1,502 |
| Tax paid | 842 | 1,190 | 1,696 | 2,666 | 3,997 |
| Fixed assets | 847 | 732 | 981 | 4,544 | 7,568 |
| Premium paid on acquisitions of subsidiaries | 1,412 | — | 1,027 | 3,060 | 12,660 |
| Investments | 207 | 10 | 194 | 713 | 1,271 |
| Assets held for resale | — | — | — | — | 5,500 |
| | 3,656 | 2,357 | 4,641 | 11,842 | 32,428 |
| **Increase/(decrease) in working capital** | | | | | |
| Debtors and prepayments | 881 | 1,428 | 915 | 14,090 | 13,112 |
| Creditors excluding taxation and proposed dividends | (1,064) | (390) | (254) | (18,182) | (16,449) |
| U.S. securities net | (61) | (255) | 375 | 525 | 496 |
| Loan notes | — | — | (872) | 295 | 577 |
| **Total applications** | 2,477 | 2,100 | 4,795 | 8,510 | 30,164 |
| **Increase in cash resources** | 1,079 | 21 | 833 | 2,059 | 313 |

**Summary of the effects of acquisitions**

| Net assets acquired | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|
| Fixed assets | 407 | | 271 | 1,536 | 1,934 |
| Investments | — | | 66 | 402 | 495 |
| Debtors and prepayments | 1,264 | | 788 | 7,629 | 7,811 |
| U.S. securities net | 112 | | — | — | — |
| Assets held for resale | — | | — | — | 5,500 |
| Cash | 296 | | 57 | 8,443 | 1,132 |
| Creditors | (2,065) | | (245) | (15,814) | (7,853) |
| Taxation | — | | (228) | 34 | (1,688) |
| Deferred taxation | — | | 125 | — | (225) |
| Minority interest | — | | — | — | (44) |
| | 33 | | 764 | 2,238 | 7,042 |
| *Premium arising on acquisitions* | 1,412 | | 1,027 | 3,060 | 12,660 |
| Cost of acquisitions | 1,445 | | 1,791 | 5,298 | 19,702 |

**Notes to the financial statements**

***1. Accounting policies***

The following are the principal accounting policies adopted by the Mercantile House group.

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

***Basis of consolidation***

The consolidated financial statements incorporate the accounts of Mercantile House and its subsidiary companies made up to 30th April except for overseas companies and those involved in commodity broking whose accounts are made up to 31st March. The Directors consider that to make the accounting dates of all subsidiaries coincide with that of the holding company would cause undue delay in the preparation of the consolidated accounts.

The results of those companies acquired during the financial year are included in the group accounts from their effective dates of acquisition.

**Rates of exchange**

Profit and loss accounts in foreign currencies are translated into sterling at the average rates ruling during the year. Assets and liabilities are translated into sterling at the rates of exchange ruling at the respective balance sheet dates. Exchange gains and losses arising on consolidation are taken to reserves. Other exchange movements are taken to profit and loss account.

**U.S. securities trading**

Transactions in securities (U.S. Government securities and other negotiable instruments) comprise repurchase agreements where a sale and simultaneous repurchase is made for settlement at a later date, and resale agreements where a purchase and a simultaneous resale for settlement at a later date is undertaken. Income, being the difference between the interest rates on the securities involved in these transactions, is stated net in the accounts.

**Turnover**

Turnover of the Mercantile House group comprises brokerage commissions net of discounts, fee income and, in the case of U.S. securities trading, the interest differential on the deal. Brokerage commissions are taken to revenue as market practice determines and may be summarised as:—

(a) money broking: when the deal is negotiated;
(b) U.S. fixed interest securities broking: when the deal is settled; and
(c) commodity broking: when the deal is closed.

**Deferred taxation**

Provision is made for deferred taxation at current tax rates in respect of all timing differences except where it can be demonstrated with reasonable probability that no liability will arise in the foreseeable future. Deferred taxation includes advance corporation tax recoverable in future years.

**Fixed assets**

Fixed assets are stated at cost. Leasehold property and improvements are amortised by equal annual instalments over the period of the lease. Depreciation on other fixed assets is calculated to write off costs mainly on a straight line basis over their estimated useful lives: the principal rates of depreciation used by the Mercantile House group are 10 per cent. and 20 per cent. per annum.

**Premium on acquisition of subsidiaries**

The premium on acquisition of subsidiaries comprises mainly the excess of costs over the fair value of net tangible assets acquired and is stated at cost to the Mercantile House group.

**Pensions**

Mercantile House and its subsidiaries operate pension schemes which cover the majority of employees in the group. The amounts charged against profits are calculated with actuarial advice in accordance with local practice to cover the accruing liabilities on a continuing basis. With minor exceptions, these schemes are financed through separate trustee administered funds.

**2. Operating profit**

Operating profit is stated after charging:—

| | 1978 £'000 | 1979 £'000 | 1980 £'000 | 1981 £'000 | 1982 £'000 |
|---|---|---|---|---|---|
| | Years ended 30th April, | | | | |
| Depreciation and amortisation | 228 | 295 | 378 | 728 | 1,360 |
| Interest payable on loan notes | — | — | 14 | 57 | 29 |
| Interest payable to banks | — | — | — | 223 | 712 |
| Hire of equipment | 14 | 17 | 17 | 171 | 281 |

**3. Taxation**

(a) The charge for taxation, which is based on the profit for the year, comprises:—

| | 1978 £'000 | 1979 £'000 | 1980 £'000 | 1981 £'000 | 1982 £'000 |
|---|---|---|---|---|---|
| | Years ended 30th April, | | | | |
| United Kingdom corporation tax at 52 per cent. | 347 | 491 | 1,058 | 3,025 | 4,873 |
| Double taxation relief | — | (170) | (265) | (1,520) | (3,377) |
| | 347 | 321 | 793 | 1,505 | 1,496 |
| Foreign taxation | 443 | 902 | 1,053 | 2,127 | 5,758 |
| Provision for deferred taxation | 79 | 120 | 51 | 189 | 280 |
| Prior year charge/(release) | (125) | 97 | (9) | (143) | (49) |
| | 744 | 1,440 | 1,888 | 3,678 | 7,485 |

Continued

*Continued from previous page*

The charge for taxation for each of the years includes full provision for deferred taxation where taxation benefits arising in the year are expected to give rise to tax charges in future years. No provision, however, has been made for further taxation which would be payable if attributable overseas profits were remitted to the U.K.

(b) Deferred taxation, which is fully provided, comprises:—

| | Mercantile House group £'000 |
|---|---|
| Timing differences arising from accelerated capital allowances | (982) |
| Other timing differences | 4 |
| Advance corporation tax | 792 |
| | (186) |

**4. Earnings and dividends per share**

Earnings per share for each year are based on the profit attributable to the ordinary shareholders, being profit after taxation and minority interest, and the weighted average number of shares in issue during each year having adjusted for rights, bonus and acquisition issues in 1980 and 1981. Dividends per share have also been adjusted on a similar basis.

**5. Fixed assets**

Fixed assets comprise:—

| | Improvements to short leasehold properties £'000 | Furniture, fixtures, motor vehicles and equipment £'000 | Total £'000 |
|---|---|---|---|
| Cost | 4,101 | 12,217 | 16,318 |
| Less: accumulated depreciation | 580 | 4,384 | 4,964 |
| Net book amount at 30th April, 1982 | 3,521 | 7,833 | 11,354 |

**6. Investments**

**Trade investments**

| | Mercantile House group £'000 |
|---|---|
| Shares in associated companies at cost together with the Mercantile House group's share of accumulated undistributed profits less losses and amounts written off | 301 |
| Seats on commodity exchanges at cost | 1,392 |
| Other trade investments at cost — listed | 4 |
| — unlisted | 482 |
| | 2,179 |

In the opinion of the Directors the value of the above trade investments at 30th April, 1982 was not significantly different from the value shown in the balance sheet.

**Subsidiary companies**

| | Mercantile House £'000 |
|---|---|
| Shares in subsidiary companies at cost | 7,654 |

A list of the principal subsidiary companies, all of which are wholly owned, is set out in note 18.

**7. Other debtors**

| | Mercantile House group £'000 | Mercantile House £'000 |
|---|---|---|
| Debtors and prepayments | 17,031 | 971 |
| Current accounts with subsidiaries | — | 27,485 |
| Commodity customers' margin accounts | 15,022 | — |
| | 32,053 | 28,456 |

**8. Assets held for resale**

| | Mercantile House group £'000 |
|---|---|
| Assets held for resale | 5,500 |

At the time of the acquisition of Charles Fulton Holdings Limited on 23rd March, 1982 consideration was being given to the sale of certain of its subsidiaries. Since the year end, the following arrangements have been concluded:—

(a) on 9th June, 1982 Fulton Packshaw Limited and Fulton Packshaw (Leasing) Limited were sold principally to the management for a total consideration of £700,000 including intercompany indebtedness, payable in cash; and

(b) on 12th July, 1982 it was agreed to sell, to the management, Charles Fulton (Singapore) Limited, Charles Fulton (Hong Kong) Limited and the 40 per cent. interest in Charles Fulton (Malaysia) Sdn. Bhd., for £4.8 million payable in cash on completion, which is expected to be in August, 1982.

The net tangible assets of the above companies together with a portion of the premium arising on acquisition of Charles Fulton Holdings Limited are shown at their agreed net realisable values.

**9. Bank overdrafts**

| | Mercantile House group £'000 | Mercantile House £'000 |
|---|---|---|
| Bank overdrafts | 22,852 | 2,959 |
| Other bank borrowings | 8,747 | 6,184 |
| | 31,599 | 9,143 |

The other bank borrowings relate to Charles Fulton Holdings Limited and include £6,184,000 for the financing of its acquisition.

**10. Other creditors**

| | Mercantile House group £'000 | Mercantile House £'000 |
|---|---|---|
| Creditors and accrued charges | 21,827 | 1,000 |
| Current accounts with subsidiaries | — | 3,026 |
| Taxation | 5,089 | — |
| Advance corporation tax | 792 | 792 |
| Commodity customers' margin accounts | 16,132 | — |
| | 43,840 | 4,818 |

**11. Share capital**

| | Mercantile House £'000 |
|---|---|
| Authorised: 22,000,000 ordinary shares of 25p each | 5,500 |
| Issued: 17,611,469 ordinary shares of 25p each | 4,403 |

There have been the following changes in the authorised and issued share capital of Mercantile House during the two years preceding the date of this document:—

(a) On 14th August, 1980, the authorised capital of Mercantile House was increased from £1,750,000 to £2,250,000 by the creation of 2,000,000 additional ordinary shares of 25p each and 1,173,847 ordinary shares of 25p each were allotted by way of rights to existing holders of ordinary shares in the proportion of one new ordinary share for every five held at 220p per share.

(b) On 31st July, 1981, as part consideration for the acquisition of the share capital of R. J. Rouse & Co. Limited (now Rouse Woodstock Limited), 255,000 ordinary shares of 25p each were issued credited as fully paid.

(c) On 31st July, 1981, the authorised capital of Mercantile House was increased from £2,250,000 to £5,500,000 by the creation of 13,000,000 ordinary shares of 25p each, and 2,919,232 ordinary shares of 25p each were allotted by way of rights to existing holders of ordinary shares in the proportion of two new ordinary shares for every five held at 345p per share. On the same date 7,296,078 new ordinary shares of 25p each were allotted credited as fully paid to existing holders of ordinary shares, pro rata to their holdings, on the basis of one new ordinary share for each ordinary share already held by way of capitalisation of reserves.

(d) On 23rd April, 1982, as part consideration for the acquisition of the share capital of Charles Fulton Holdings Limited, 96,081 ordinary shares of 25p each were issued credited as fully paid.

(e) On 13th August, 1982, the authorised share capital of Mercantile House was increased from £5,500,000 to £31,000,000 by the creation of 22,000,000 additional ordinary shares of 25p each and 20,000,000 7.7 per cent. Convertible Redeemable Preference Shares of £1 each.

**12. Reserves**

| | Mercantile House group | | | | | Mercantile House |
|---|---|---|---|---|---|---|
| | Years ended 30th April, | | | | | Year ended 30th April, |
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at beginning of the year | 1,985 | 3,815 | 4,436 | 5,943 | 10,389 | 5,215 |
| Profit retained for the year | 609 | 624 | 1,096 | 2,396 | 4,442 | 1,235 |
| *Amounts taken direct to reserves* | | | | | | |
| Share premium | 1,305 | — | 527 | 2,106 | 9,752 | 9,752 |
| Exchange adjustments | (84) | (3) | (116) | (56) | 1,901 | — |
| Balance at end of the year | 3,815 | 4,436 | 5,943 | 10,389 | 26,484 | 16,202 |
| Revenue reserves | 2,072 | 2,693 | 3,673 | 6,013 | 12,356 | 2,074 |
| Share premium | 1,743 | 1,743 | 2,270 | 4,376 | 14,128 | 14,128 |
| | 3,815 | 4,436 | 5,943 | 10,389 | 26,484 | 16,202 |

The reserves of the Mercantile House group and Mercantile House, other than share premium, are all considered distributable. No account has been taken of taxation which would arise if overseas reserves were remitted to the U.K. Share premium is stated after deduction of bonus issue capitalisations of £610,000 and £1,824,000 in the years ended 30th April, 1980 and 1982 respectively.

**13. Guarantees and contingent liabilities**

(a) Contingent liabilities existed at 30th April, 1982 in respect of trading obligations arising in the ordinary course of business of the Mercantile House group, for which no provision is considered necessary.

(b) Certain subsidiaries of Mercantile House have been named as defendants in a number of lawsuits in the U.S. arising in the normal course of business. In the opinion of the Directors, after considering all facts known to them and on the basis of legal advice, such litigation will not in the aggregate have a material adverse effect on the financial position of the Mercantile House group.

(c) Mercantile House has guaranteed the bank overdrafts of certain subsidiaries.

**14. Capital commitments**

Capital expenditure authorised at 30th April, 1982 amounted to £2,474,000, of which contracts were still to be placed for £1,500,000.

**15. Subsequent events**

(a) On 5th May, 1982 Mercantile House agreed, subject to various conditions, to purchase the Oppenheimer group for approximately £91 million.

(b) On 24th June, 1982 the Mercantile House group purchased the 25 per cent. minority interest in Saturn Lease Underwriting Limited for £325,000 from United States Leasing International Inc.

(c) On 7th April, 1982 the Mercantile House group agreed to purchase U.R.B. Commodities (Private) Limited, now renamed U.R.B. Rouse Woodstock (Private) Limited, for Singapore Dollars 1.6 million (£425,000) payable in cash.

**16. Current cost accounts**

*The effect of adjusting the historical cost accounts to the current cost* basis in accordance with the Statement of Standard Accounting Practice No. 16 is not considered significant as the statement below shows:—

| | Year ended 30th April, 1981 £'000 | Year ended 30th April, 1982 £'000 |
|---|---|---|
| Group historical cost profit before taxation | 7,330 | 14,403 |
| Less: Depreciation adjustment | (74) | (295) |
| Add: Gearing effect of net *monetary liabilities* | 6 | 18 |
| Group current cost profit before taxation | 7,262 | 14,126 |

| | Year ended 30th April, 1982 £'000 |
|---|---|
| Consolidated net assets as shown by the historical cost accounts | 30,970 |
| Add: Revaluation of fixed assets | 877 |
| Consolidated current cost net assets | 31,847 |

**17. Geographical analysis**

The geographical distribution of profit before taxation of the Mercantile House group is as follows:—

| | Years ended 30th April, | | | | |
|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| U.K. | 830 | 658 | 1,359 | 3,593 | 4,641 |
| Europe | 7 | 60 | 107 | 163 | 1,199 |
| North America | 603 | 1,228 | 1,487 | 2,891 | 7,707 |
| Middle and Far East | 342 | 641 | 633 | 683 | 856 |
| | 1,782 | 2,587 | 3,586 | 7,330 | 14,403 |

**18. Principal subsidiary companies and changes in group structure**

Subsidiary companies whose assets and results are considered to be material to the Mercantile House group are set out below.

| Business | Place and date of incorporation | Issued share capital |
|---|---|---|
| **Money broking** | | |
| M. W. Marshall & Company Limited | England, 27th March, 1952 | £6,500 |
| Marshall Woellwarth & Company Limited | England, 4th May, 1926 | £12,000 |
| M. W. Marshall (Sterling) Limited | England, 15th May, 1967 | £1,100 |
| Cosmorex Holding A.G. | Switzerland, 1st August, 1973 | Sw. Fr. 1,000,000 |
| *Lasser Marshall, Inc.* | U.S.A., 27th March, 1970 | 100 no par value |
| Marshalls (Hong Kong) Limited | Hong Kong, 5th December, 1972 | H.K.$10,000 |
| Marshalls (Singapore) Pte. Limited | Singapore, 26th April, 1973 | S.$100,000 |
| Charles Fulton Holdings Limited | England, 6th July, 1951 | £649,542 |
| Kirkland-Whittaker Group Limited | England, 10th April, 1969 | £178,479 |
| **U.S. fixed interest securities broking** | | |
| William Street Brokers, Inc. | U.S.A., 17th July, 1980 | U.S.$ 100 |
| Fundamental Brokers, Inc. | U.S.A., 20th April, 1970 | U.S.$9,000,000 and 100 no par value |
| **Commodity broking** | | |
| Rouse Woodstock Limited | England, 7th December, 1909 | £505,000 |
| *Rouse Woodstock Inc.* | *U.S.A., 27th June, 1980* | *U.S.$ 1,000* |
| **Other financial services** | | |
| Saturn Fund Management Limited | England, 19th December, 1973 | £250,000 |
| Saturn Management Limited | England, 4th December, 1973 | £100 |
| Saturn Leasing Limited | England, 29th May, 1973 | £100 |

The Mercantile House group made the following significant acquisitions during the five year period ended 30th April, 1982:—

| Effective date of acquisition | Company or business acquired | Consideration |
|---|---|---|
| September, 1977 | Lasser Bros., Inc. | Issue of 560,000 ordinary shares |
| December, 1979 | Woellwarth & Co. Limited | Issue of 369,231 ordinary shares; *issue of £1,000,000 in loan notes;* payment of £100,000 in cash |
| August, 1980 | Fundamental Brokers, Inc. JPC Brokers, Inc. Primary Clearance Corp. | Payment of U.S.$8,500,000 in cash |
| August, 1980 | Woodstock, Inc. | Payment of U.S.$3,000,000 in cash |
| July, 1981 | R. J. Rouse & Co. Limited | Issue of 255,000 ordinary shares; payment of £1,425,000 in cash |
| July, 1981 | Cosmorex Holding A.G. | Payment of Sw.Fr. 34,549,983 in cash |
| March, 1982 | Charles Fulton Holdings Limited | Issue of 96,081 ordinary shares; payment of £6,110,000 in cash |

Yours faithfully,

PRICE WATERHOUSE,

*Chartered Accountants.*

## Appendix 2

### Accountants' report on the Oppenheimer group

The following is a copy of a report to the Directors of Mercantile House and of S. G. Warburg & Co. Ltd. made by the joint reporting accountants Spicer and Oppenheim, Chartered Accountants, and Price Waterhouse, Chartered Accountants, on the Oppenheimer group:—

Spicer and Oppenheim,
St. Mary Axe House,
56-60 St. Mary Axe,
*London EC3A 8BJ.*

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
*London SE1 9SY.*

13th August, 1982

The Directors,
Mercantile House Holdings plc.

The Directors,
S. G. Warburg & Co. Ltd.

Gentlemen,

As part of the arrangements for the acquisition of Oppenheimer Holdings, Inc. ("Oppenheimer Holdings"), prior to completion certain subsidiaries and other assets, subject to certain liabilities, will be transferred to a vendor. In addition, prior to completion a minority interest in a subsidiary will be acquired. The financial information set out below therefore reflects the completion of these arrangements. Oppenheimer Holdings and its remaining subsidiaries are referred to as "the Oppenheimer group".

Spicer and Oppenheim *have examined the financial statements of the Oppenheimer group for the five years ended* 31st January, 1982. Price Waterhouse have examined the financial statements of the Oppenheimer group for the year ended 31st January, 1982. The financial statements were prepared under the historical cost convention.

In our joint opinion, the financial information set out below, which has been prepared from the audited financial statements after making such adjustments as we consider appropriate, gives under the historical cost convention a true and fair view of the state of affairs of the Oppenheimer group at 31st January, 1982 and of the profits and source and application of funds of the Oppenheimer group for the year ended 31st January, 1982.

In the opinion of Spicer and Oppenheim, the financial information set out below, which has been prepared from the audited financial statements after making such adjustments as are considered appropriate, gives a true and fair view of the profits and source and application of funds of the Oppenheimer group for the four years ended 31st January, 1981.

No audited financial statements for any of the companies in the Oppenheimer group have been prepared for presentation to the shareholders in respect of any period since 31st January, 1982.

***Consolidated profit and loss accounts***

| | Notes | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| | | Years ended 31st January, | | | | |
| | | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 |
| **Turnover** | 1 | | | | | |
| Securities brokerage and trading | | 60,300 | 94,042 | 133,279 | 194,492 | 273,097 |
| Fund management | | 11,861 | 13,068 | 19,180 | 30,857 | 45,482 |
| | | 72,161 | 107,110 | 152,459 | 225,349 | 318,579 |
| **Profit/(loss) before taxation** | 2 | | | | | |
| Securities brokerage and trading | | (462) | 4,947 | 6,819 | 24,502 | 16,653 |
| Fund management | | 1,882 | 2,393 | 6,416 | 13,200 | 21,764 |
| | | 1,420 | 7,340 | 13,235 | 37,702 | 38,417 |
| **Taxation** | 3 | 484 | 2,386 | 5,364 | 14,429 | 15,515 |
| **Profit after taxation** | | 936 | 4,954 | 7,871 | 23,273 | 22,902 |
| Minority interest | 4 | — | — | 959 | 2,873 | 4,934 |
| **Profit attributable to shareholders** | | 936 | 4,954 | 6,912 | 20,400 | 17,968 |
| ***Dividends*** | | — | — | — | 72 | 285 |
| **Profit retained** | | 936 | 4,954 | 6,912 | 20,328 | 17,683 |

**Consolidated balance sheet at 31st January, 1982**

| | Notes | U.S.$'000 | U.S.$'000 |
|---|---|---|---|
| Assets employed: | | | |
| **Premium on acquisition of minority interest** | | | 6,899 |
| **Fixed assets** | 5 | | 10,747 |
| | | | 17,646 |
| **Current assets** | | | |
| Amounts receivable in respect of U.S. securities purchased under agreements to resell | | 812,150 | |
| Amounts receivable from customers | 6 | 345,281 | |
| Amounts receivable from brokers and dealers | 6 | 245,316 | |
| Securities in trading and investment accounts | | 226,634 | |
| Other debtors | | 27,482 | |
| Cash at bank and deposits | | 31,836 | |
| | | 1,690,699 | |
| **Current liabilities** | | | |
| *Amounts payable in respect of U.S. securities sold under agreements to* repurchase | | 1,059,076 | |
| Securities sold but not yet purchased | | 56,755 | |
| Amounts payable to customers | 6 | 156,484 | |
| Amounts payable to brokers and dealers | 6 | 212,119 | |
| Collateral loans payable | 7 | 54,145 | |
| Other creditors | 8 | 75,248 | |
| | | 1,623,827 | |
| **Net current assets** | | | 66,872 |
| **Subordinated debentures** | 9 | | (25,000) |
| **Deferred taxation** | 3 | | (9,564) |
| | | | 49,954 |
| Financed by: | | | |
| **Capital and reserves** | | | |
| Share capital | 10 | | 6 |
| Share premium | | | 6,515 |
| Reserves | | | 42,100 |
| **Shareholders' funds** | | | 48,619 |
| **Minority interest** | 4 | | 1,335 |
| | | | 49,954 |

**Consolidated statements of source and application of funds**

| | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|
| | Years ended 31st January, | | | | |
| | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 |
| **Source of funds** | | | | | |
| Profit before taxation | 1,420 | 7,340 | 13,235 | 37,702 | 38,417 |
| Adjustment for items not involving the movement of funds:— | | | | | |
| *Depreciation* | *181* | *639* | *757* | *1,080* | *1,709* |
| **Total generated from operations** | 1,601 | 7,979 | 13,992 | 38,782 | 40,126 |
| **Funds from other sources** | | | | | |
| Tax refunds | — | 160 | — | — | — |
| Debentures payable to parent | — | — | 400 | — | — |
| Subordinated liabilities | — | 87 | 5,825 | — | 25,000 |
| **Total sources** | 1,601 | 8,226 | 20,217 | 38,782 | 65,126 |
| **Application of funds** | | | | | |
| Dividends paid by the holding company | — | — | — | 72 | 285 |
| Dividends paid to continuing minority shareholders in subsidiaries | — | — | 512 | 2,482 | 4,467 |
| Tax paid | 1,554 | — | 2,352 | 3,659 | 19,925 |
| Fixed assets | 768 | 2,059 | 1,099 | 4,625 | 5,251 |
| Premium paid on acquisition of minority interests | — | — | — | — | 6,899 |
| Debentures payable to parent | 1,000 | — | — | 3,460 | 4,400 |
| Subordinated liabilities | 755 | — | — | 40 | 21,143 |
| | 4,080 | 2,059 | 4,465 | 14,308 | 62,450 |
| ***Increase/(decrease) in working capital*** | | | | | |
| Amounts receivable in respect of securities purchased under agreements to resell | 104,334 | 116,585 | (115,443) | 61,503 | 638,496 |
| Amounts receivable from customers | 35,481 | 14,953 | 236,817 | 13,735 | (29,664) |
| Amounts receivable from brokers and dealers | 2,345 | 13,975 | 90,295 | 12,510 | 77,404 |
| Securities in trading and investment accounts | 51,080 | 56,503 | (48,995) | 37,280 | 70,615 |
| Other debtors | 5,201 | 305 | 9,680 | 1,267 | (3,551) |
| Amounts payable in respect of securities sold under agreements to repurchase | (110,806) | (51,394) | (115,150) | (44,474) | (776,131) |
| Securities sold but not yet purchased | (58,336) | (94,803) | 111,216 | 30,635 | 1,530 |
| *Amounts payable to customers* | *(10,496)* | *(26,387)* | *(58,068)* | *(19,250)* | *(9,128)* |
| Amounts payable to brokers and dealers | (6,468) | (26,226) | (49,634) | (30,779) | (86,675) |
| Collateral loans payable | (7,269) | (13,435) | (24,025) | (29,494) | 105,511 |
| Other creditors | (8,250) | (3,788) | (19,379) | (12,799) | (7,000) |
| **Total applications** | 894 | 8,347 | 18,877 | 34,442 | 43,657 |
| ***Increase/(decrease) in cash resources*** | 707 | (121) | 1,340 | 4,340 | 21,469 |

**Notes to the financial statements**

**1. Accounting policies**

The following are the principal accounting policies adopted by the Oppenheimer group.

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Turnover**

Turnover with respect to securities brokerage and trading comprises commissions, profits on trading and investments, interest, dividends and fees from other financial services. Turnover with respect to fund management comprises management and advisory fees.

**Securities transactions**

Transactions in securities and related commission revenues and expenses are recorded on a settlement date basis. Securities owned and securities sold but not yet purchased are valued at market and the resulting *unrealised gains* and losses are reflected in turnover.

A subsidiary engages in transactions in Government National Mortgage Association ("GNMA") pass-through obligations for future settlement. Revenues and related expenses are recorded on a trade date basis. *Receivables and* payables arising from such transactions are recorded on a settlement date basis. Transactions open at the year end are valued at market and the resulting unrealised gains and losses are reflected in turnover.

Amounts payable in respect of securities sold under agreements to repurchase comprise repurchase *agreements* where a sale and simultaneous repurchase is made for settlement at a later date, and amounts receivable in respect of securities purchased under agreements to resell comprise resale agreements where a purchase and a simultaneous *resale* is made for settlement at a later date. The consideration for securities purchased under agreements to resell that extend to the maturity date of the securities and match short positions in the same securities is offset against the related sales with the net amount included in the financial statements. All other purchases of securities under agreements to resell and sales of securities under agreements to repurchase are treated as collateralised financing transactions and are included in the financial statements at their original purchase or sale amounts *plus accrued* interest.

**Deferred taxation**

*Provision is made for deferred taxation in respect of timing differences in the recognition of income for tax* and financial statement purposes, primarily unrealised appreciation on securities in trading and investment accounts.

**Fixed assets**

(a) *Fixed assets are* stated at cost to the Oppenheimer group.

(b) Leasehold improvements are amortised on a straight line basis over the lesser of the economic useful life of the improvement or the term of the lease. Depreciation on furniture and fixtures is provided on both straight line and accelerated methods over three to ten year periods.

**Premium on acquisition of minority interests**

The premium on acquisition of minority interests comprises the excess of cost over the net tangible assets acquired *relating to the acquisition of substantially all of the subsidiaries' share capital previously held by minority interests,* and is amortised over 30 years.

**2. Operating profit**

Operating profit is stated after charging/(crediting):—

| | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|
| | Years ended 31st January, | | | | |
| | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 |
| Interest income (included in turnover) | (8,029) | (15,083) | (36,798) | (54,776) | (119,211) |
| Depreciation and amortisation | 181 | 639 | 757 | 1,080 | 1,709 |
| Interest payable on:— | | | | | |
| Short term borrowings and repurchase agreements | 8,128 | 15,039 | 31,651 | 47,045 | 109,630 |
| Subordinated liabilities | 1,514 | 1,767 | 2,360 | 3,767 | 4,815 |
| Leasing and hire charges | 7,023 | 7,326 | 9,594 | 11,419 | 15,130 |

**3. Taxation**

The charge for taxation, which is based on the profit for the year, comprises:—

| | 1978 | 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|
| | Years ended 31st January, | | | | |
| | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 |
| U.S. Federal and other income taxes:— | | | | | |
| Provision for current taxation | (28) | (136) | 2,625 | 10,533 | 14,977 |
| Provision for deferred taxation | 512 | 2,522 | 2,739 | 3,896 | 538 |
| | 484 | 2,386 | 5,364 | 14,429 | 15,515 |
| | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 | U.S.$'000 |
| Attributable to:— | | | | | |
| Securities brokerage and trading | (522) | 1,117 | 2,114 | 7,840 | 4,377 |
| Fund management | 1,006 | 1,269 | 3,250 | 6,589 | 11,138 |
| | 484 | 2,386 | 5,364 | 14,429 | 15,515 |

*Income taxes differ from the amount of the expected* U.S. *Federal tax expense rate of 46 per cent.* primarily due to the effects of deductions for qualifying dividends, U.S. state and local income taxes, investment and other tax credits; and income taxable at the alternative capital gains rate. Investment and other tax credits except for those arising in connection with the purchase of tax benefits are recognised as a reduction of the provision for U.S. Federal income taxes in the year in which the credits arise.

The deferred tax liability at 31st January, 1982 relates principally to the unrealised appreciation of securities in trading and investment accounts.

**4. Minority interest**

The consolidated financial statements include those of Centennial Capital Corporation which forms part of the *group's fund management business since the Oppenheimer group holds voting control, although owning only* 30.45 per cent. of the equity. The minority interest relates to the 69.55 per cent. equity interests held by third parties.

***5. Fixed assets***

Fixed assets comprise:—

| | Leasehold improvements U.S.$'000 | Furniture, fixtures and equipment U.S.$'000 | Total U.S.$'000 |
|---|---|---|---|
| Cost | 7,093 | 10,381 | 17,474 |
| Less: accumulated depreciation | 1,928 | 4,799 | 6,727 |
| Net book amount at 31st January, 1982 | 5,165 | 5,582 | 10,747 |

***6. Amounts receivable from and payable to customers and brokers and dealers***

The amounts shown represent the amounts receivable from and payable to customers, brokers and dealers in connection with securities transactions. The receivables are substantially collateralised by marketable securities. The amounts payable primarily represent free credit balances of customers and amounts payable against deliveries of marketable securities.

**7. Collateral loans payable**

The Oppenheimer group has bank loans secured primarily by securities owned, securities contributed pursuant to secured demand note agreements, securities purchased by customers in margin transactions or securities awaiting delivery on uncompleted transactions.

***8. Other creditors***

| | U.S.$'000 |
|---|---|
| Drafts payable | 12,107 |
| Notes payable | 14,884 |
| Taxation | 1,854 |
| Subordinated liabilities | 1,760 |
| Other liabilities and accrued charges | 44,643 |
| | 75,248 |

**9. Subordinated debentures**

Subordinated liabilities at 31st January, 1982 represent U.S.$25,000,000 of unsecured 15 per cent. Volume-Indexed Sub-ordinated Debentures due 2001 ("the Debentures"). The Debentures, which are subordinated to all existing and future claims of non-subordinated and senior subordinated creditors of Oppenheimer & Co., Inc. ("Oppenheimer Brokerage") are redeemable on 30 days' notice at Oppenheimer Brokerage's option, and with regulatory approval, as a whole or from time to time in part, at declining premiums, except that the Debentures may not be redeemed prior to 1st July, 1986 as part of a refunding or anticipated refunding having an interest rate of less than 16 per cent. per annum. Annual sinking fund payments *of U.S.$1,875,000 commencing 1st July, 1991 are calculated to retire* 75 per cent. of the issue prior to maturity. The maturity date of the Debentures may be accelerated in the event of default of certain covenants or provisions. These, among other covenants and provisions, require Oppenheimer Brokerage to maintain net capital of not less than 7 per cent. (5.75 per cent. from May, 1982) of aggregate debit items arising from its customer transactions. The minimum rate of interest on the Debentures is 15 per cent. per annum. Holders of the Debentures are also entitled to additional interest up to a maximum of 4 per cent. per annum, which is payable at an annual rate of 0.2 per cent. for each 1,000,000 share amount, if any, by which average daily trading volume on the New York Stock Exchange, as defined, exceeds 49,000,000 shares.

The Debentures may be repaid only if, after giving effect to such payment, Oppenheimer Brokerage meets the U.S. Securities and Exchange Commission's net capital requirements (see note 13).

**10. Share capital**

| | U.S.$'000 |
|---|---|
| Authorised: | |
| 100,000 *shares of 8 per cent. cumulative preferred stock of* U.S.$0.10 *each* | 10 |
| 300,000 shares of common stock of U.S.$0.10 each | 30 |
| | 40 |
| Issued: | |
| 61,000 shares of common stock of U.S.$0.10 each | 6 |

**11. Transactions with affiliated companies**

Certain fund management subsidiaries supervise the investment operations of a number of mutual funds registered under the U.S. Investment Company Act of 1940. Certain officers and directors of these mutual funds are also officers or directors of Oppenheimer Holdings and its subsidiaries. The Oppenheimer group has, in addition to receiving management fees, obtained turnover from the mutual funds comprising brokerage commissions and sales charges of U.S.$2,171,000 in 1978; U.S.$2,290,000 in 1979; U.S.$3,665,000 in 1980, U.S.$5,905,000 in 1981, and U.S.$6,400,000 in 1982. In addition, the group earned brokerage commissions and fees from other affiliates of U.S.$376,000 in 1978; U.S.$1,091,000 in 1979; U.S.$2,225,000 in 1980; U.S.$3,001,000 in 1981, and U.S.$1,611,000 in 1982.

**12. Commitments and contingencies**

**Long-term lease commitments**

The Oppenheimer group occupies premises and leases computer equipment under non-cancellable operating leases expiring at various dates through 1991. Future minimum aggregate rentals under the leases are U.S.$33,709,000. The various leases contain provisions for rent escalation based on certain increases in costs incurred by the lessor.

**Litigation**

*In the ordinary course of business, the Oppenheimer group has been named as defendant in a number of law suits.* Included among these are two recently filed class action lawsuits alleging violations of the U.S. securities laws and seeking unspecified damages, with respect to which Oppenheimer & Co., a vendor, has agreed to indemnify and hold harmless Mercantile House Holdings plc, Mercantile House (U.S.A.) Inc. and Oppenheimer Brokerage. After considering all relevant facts (including the existence of such indemnification) and the opinions of outside counsel, it is the opinion of the Oppenheimer group and its General Counsel, who is an officer of a subsidiary, that such litigation will not in the aggregate have a material adverse effect on the Oppenheimer group's financial position.

**Other**

In the ordinary course of business, the Oppenheimer group has various commitments and contingencies outstanding. As at 31st January, 1982, these included: letters of credit in favour of securities clearing corporations and other brokers of U.S.$45,174,000; and guarantees of loans made and letters of credit issued in connection with sponsored property schemes of U.S.$2,895,000. *In addition, a subsidiary had purchases and sales of* GNMA pass-through obligations for future settlement amounting to approximately U.S.$137,000,000 and U.S.$139,000,000 respectively.

**13. Net capital and other requirements of registered broker-dealers**

Certain subsidiaries are registered broker-dealers and are therefore subject to the Uniform Net Capital Rule 15c3-1 of the U.S. Securities and Exchange Commission. As at 31st January, 1982, all of the registered subsidiaries were in compliance with the rule. Provisions of this rule *may prohibit the subsidiaries from declaring dividends as their net* capital approaches specified levels. At 31st January, 1982 Oppenheimer Holdings and its subsidiaries had capital of approximately U.S.$31,000,000 in excess of required regulatory capital available for the payment of dividends.

*A subsidiary has segregated for the benefit of customers U.S.$11,430,000 of securities owned in accordance with* U.S. Securities and Exchange Commission regulations.

**14. Principal subsidiary companies and changes in group structure**

Subsidiary companies whose assets and results are considered to be material to the Oppenheimer group are set out below. All are wholly owned, except Centennial Capital Corporation which is held as to 30.45 per cent. (50.01 per cent. of the voting stock), and are incorporated in the U.S.

| Business | *Date of incorporation* | *Issued share capital* |
|---|---|---|
| **Brokerage and trading activities** | | |
| Oppenheimer and Co., Inc. | 31st July, 1969 | U.S.$10,000 |
| *Oppenheimer Government Securities, Inc.* | 3rd March, 1977 | U.S.$10,000 |
| Oppenheimer Properties, Inc. | 9th March, 1972 | U.S.$1,000 |
| **Fund management** | | |
| *Oppenheimer Management Corporation* | *25th January, 1960* | U.S.$2,000 |
| Oppenheimer Asset Management Corporation | 19th May, 1931 | U.S.$25,000 |
| Centennial Capital Corporation | 8th May, 1978 | U.S.$50,000 |
| Oppenheimer Capital Corp. | 10th February, 1975 | U.S.$150 |

The Oppenheimer group acquired the minority interests in certain subsidiaries held by Electra Investment Trust P.L.C. on 31st December, 1981. The consideration was satisfied by the issue of notes aggregating U.S.$12,000,000. *These notes were repaid on 1st February, 1982 from additional bank borrowings and cash balances.*

The acquisition agreement dated as of 31st May, 1982 provides, inter alia, for:—

(a) a minority interest of 7.44 per cent. in Oppenheimer Management Corporation to be acquired prior to completion of the acquisition; and

(b) certain subsidiaries (and other specified assets subject to certain specified liabilities) to be transferred to Oppenheimer & Co.

Yours faithfully,

*SPICER and OPPENHEIM,* Chartered Accountants.

PRICE WATERHOUSE, Chartered Accountants.

*Continued overleaf*

*Continued from previous page*

## Appendix 3

### Pro forma financial information on the Group

[illegible]

**Pro forma combined profit and loss account**

[illegible]

**Pro forma combined balance sheet**

[illegible]

**Letter relating to the pro forma financial information**

[illegible]

## Appendix 4

### Statutory and general information

**1. Share capital**

[illegible]

**2. Borrowings**

[illegible]

**3. Articles of Association**

The Articles of Association of Mercantile House contain, inter alia, provisions to the following effect:—

**Voting**

[illegible]

**Dividends**

[illegible]

**Repayment of capital**

[illegible]

**Conversion and redemption of convertible preference shares**

[illegible]

**Variation of rights**

[illegible]

**Directors**

[illegible]

**Borrowing limits**

[illegible]

**4. Subsidiary companies**

[illegible] accountants' reports above.

**5. Directors' and other interests**

(a) The interests (all of which are beneficial) of the Directors in the share capital of Mercantile House (excluding any ordinary shares which any of the Directors may purchase under the offer for sale), as they appear in the Register maintained under the provisions of the Companies Acts 1967 and 1976, are as follows:—

| | Ordinary shares | | Ordinary shares |
|---|---|---|---|
| R. R. St. J. Barkshire | 151,460 | M. A. Knowles | 60,000 |
| M. J. L. Kelly | 126,968 | J. Nash | 1,703,116* |
| K. Hughesdon | 90,150 | S. Robert | 1,703,116* |
| P. G. Bainbridge | 170,000 | Mrs. E. Sam | 6,000 |
| E. C. Baltes | 10,500 | D. G. Scotchbrook | 166,968 |
| The Earl of Carrick | — | A. W. E. Scrase | — |
| G. W. Fyfe | — | A. J. C. Sommerville | 40,240 |
| *N. Gantcher | 1,703,116* | D. W. Spiro | 1,703,116* |
| G. B. Greaves | — | M. C. Stoddart | — |
| P. G. E. Greenwell | 4,500 | R. J. Toomer | 81,826 |
| V. W. Grillo | 5,250 | M. J. Warren | 60,000 |
| A. W. Hahn | 2,100 | C. T. White-Thomson | 25,000 |

*The interests shown as those of J. Nash, S. Robert, N. Gantcher and D. W. Spiro all relate to the same shares being those issued to the Oppenheimer Partnership following completion of the stock purchase agreements referred to in sub-paragraphs 6(a)(viii) and (ix) below.

(b) All the present Directors, other than the Earl of Carrick, G. W. Fyfe and P. G. E. Greenwell who are non-executive Directors and each receive fees of £5,000 per annum, have agreed to serve the Group as full time executive Directors at salaries which amount in aggregate to £664,000 per annum. Eight of those Directors are entitled to commissions related to the earnings per share of Mercantile House and its subsidiaries. Ten Directors are entitled to receive such bonuses or commissions related to net profit as the Directors may decide. Each agreement is terminable by Mercantile House on five years' notice. The aggregate emoluments of full-time executive Directors for the financial year ended 30th April, 1982 were £1,782,000 of which £743,000 related to U.K. Directors and £1,039,000 related to overseas Directors. Following completion of the acquisition of the Oppenheimer group, M. C. Stoddart will be appointed a non-executive Director of Mercantile House at a fee of £5,000 per annum and J. Nash, S. Robert, N. Gantcher and D. W. Spiro will be appointed executive Directors of Mercantile House. J. Nash has entered into a service agreement dated as of 31st May, 1982 with Oppenheimer Holdings for the period to 31st March, 1984, subject to earlier termination by Oppenheimer Holdings and subject to the right to devote a substantial and increasing proportion of his business time to the activities of the Oppenheimer Partnership and other outside investments and business activities. S. Robert and N. Gantcher have entered into service agreements dated as of 31st May, 1982 with Oppenheimer Holdings and D. W. Spiro has entered into a service agreement dated as of 31st May, 1982 with Oppenheimer Management as full-time executives, for the period to 31st March, 1987. The salaries payable under these four agreements currently amount in aggregate to U.S.$1,050,000 per annum and Messrs. Robert, Gantcher and Spiro are also eligible to receive bonus compensation.

(c) Messrs. Nash, Robert, Gantcher and Spiro are general partners in the Oppenheimer Partnership and were, therefore, indirectly interested in the shares of the capital stock of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Management which the Oppenheimer Partnership sold to Mercantile House (U.S.A.) Inc. The Oppenheimer Partnership has stated that, following completion of the sale of the Oppenheimer group, it intends to deploy its capital principally in investment opportunities and to engage in businesses other than those of the Oppenheimer group. Accordingly, the Oppenheimer Partnership has entered into an agreement with Mercantile House not to compete for a period of ten years with the principal businesses in which the Oppenheimer group is currently engaged. In addition, it has undertaken not to dispose of its shareholding in Mercantile House within twelve months from the date of completion of the acquisition of the Oppenheimer group except to partners in the Oppenheimer Partnership who would be bound by this undertaking.

(d) Save as disclosed in the stock purchase agreements referred to in sub-paragraphs 6 (a) (viii) and (ix) of this Appendix and except for intra-group transactions, including transactions between the Oppenheimer group, Electra and the Oppenheimer Partnership, no transactions in the shares of the Oppenheimer companies to be acquired by Mercantile House from the Oppenheimer Partnership have been carried out by the Oppenheimer Partnership within 2 years of the date of the offer for sale. Electra was the beneficial owner of the shares in the Oppenheimer companies sold to Mercantile House by Electra. Such shares were issued to Electra upon its withdrawal of the major portion of its investment as a limited partner in the Oppenheimer Partnership pursuant to the agreement of limited partnership of the Oppenheimer Partnership (restated as of 1st February, 1982) and an agreement between Electra and the Oppenheimer Partnership dated as of 31st May, 1982.

(e) M. C. Stoddart and G. W. Fyfe are the beneficial owners of 28,888 and 2,900 Ordinary Shares respectively in Globe and 87,967 and 3,000 Ordinary Shares respectively in Electra and are therefore indirectly interested in the shares of common stock of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Management which Electra sold to Mercantile House (U.S.A.) Inc. M. C. Stoddart is also a non-beneficial holder of 16,800 Ordinary Shares in Globe and 7,219 Ordinary Shares in Electra. Save for any indirect interest through the Oppenheimer Partnership or Electra, no Director has or had any interest, direct or indirect, in the promotion of or in any assets which, within two years before the date of the offer for sale, have been, or are proposed to be, acquired or disposed of by or leased to Mercantile House or Oppenheimer Holdings or any of their respective subsidiaries. Save as disclosed herein, no contract or arrangement subsists in which a Director is materially interested and which is significant in relation to the business of Mercantile House, Oppenheimer Holdings and their respective subsidiaries taken as a whole.

(f) Save as may arise pursuant to the contract referred to in sub-paragraph 6 (a)(xvi), following completion of the acquisition of the Oppenheimer group and the offer for sale, Globe will be the beneficial owner of 5,000,000 ordinary shares and 20,000,000 convertible preference shares, Electra the beneficial owner of 3,501,772 ordinary shares (following the disposal of 1,450,000 ordinary shares pursuant to the offer for sale) and the Oppenheimer Partnership the beneficial owner of 1,703,116 ordinary shares. The Directors are not aware of any other shareholding which represents 5 per cent. or more of the present issued and now being issued ordinary share capital.

Globe and Electra have both given certain assurances in writing to the Board of Mercantile House. They have stated their intention to remain long term holders of the shares and that they will not dispose of any of the shares issued to them within twelve months from the date of completion of the acquisition of the Oppenheimer group, except in certain limited circumstances (such as a disposal after the announcement of a general offer for Mercantile House shares or to protect their status as approved investment trusts) and, in the case of Electra, under the offer for sale. After the period of twelve months, they will be free to dispose of any of the shares held by them as they see fit but, while Globe holds 15 per cent. or more of the ordinary share capital (assuming full conversion of the convertible preference shares), neither will dispose of ordinary shares constituting more than 5 per cent. of the ordinary share capital (assuming full conversion), or, in the case of Globe, convertible preference shares giving a right to convert into more than 5 per cent. of such ordinary share capital, in any period of seven days to any single person without the prior written consent of Mercantile House, except to each other or following the announcement of a general offer. Globe and Electra have in addition stated their intention to consult with the Board of Mercantile House prior to any proposed sale of more than ½ per cent. of the ordinary share capital (assuming full conversion) on any single day. They have also agreed that, although they may exercise all the votes attributable to the shares held by them as they think fit at General Meetings of Mercantile House, they will take independent advice, if so requested by the Board of Mercantile House, before exercising the votes attributable to their holdings of ordinary shares and also before accepting any general offer made to the shareholders of Mercantile House. They have also agreed that they will not acquire ordinary shares carrying in the aggregate more than 2 per cent. of the voting rights in Mercantile House in any twelve month period for so long as they together hold 30 per cent. or more of the ordinary share capital.

The Board of Mercantile House has agreed to invite a representative of Globe to join the Board and Globe will have the right to nominate a Director for so long as it holds at least 15 per cent. of the ordinary share capital (assuming full conversion of the convertible preference shares) or convertible preference shares giving a right to convert into at least 15 per cent. of such ordinary share capital.

The Panel on Take-overs and Mergers ("the Panel") has granted to Electra, Globe and the Oppenheimer Partnership a waiver from the requirements of Rule 34 of the City Code on Take-overs and Mergers. The acquisition of shares carrying more than 30 per cent. of the voting rights in Mercantile House by these parties as a result of the acquisition has not therefore led to a mandatory requirement on them to make a general offer for the balance of the share capital of Mercantile House. In the absence of evidence to the contrary, such as substantial share purchases by the Oppenheimer Partnership, the Panel will not presume the Oppenheimer Partnership to be acting in concert with Electra and Globe.

**6. Material contracts**

**(a) The Mercantile House group**

The following contracts, not being contracts in the ordinary course of business, have been entered into by Mercantile House and its subsidiaries within the two years immediately preceding the date hereof and are, or may be, material:—

(i) Agreement dated 22nd July, 1980 between (1) S. G. Warburg & Co. Ltd. ("Warburgs") and (2) Mercantile House under which Warburgs agreed to underwrite a rights issue of 1,173,847 ordinary shares at a price of 220p per share for a commission of 2¼ per cent. of the gross proceeds of the issue out of which it paid a sub-underwriting commission of 1¼ per cent., a fee to the brokers to the issue and its own legal expenses.

(ii) Agreement dated 5th June, 1981 between (1) Gillett Brothers Discount Company Limited and (2) Charles Fulton & Co. Limited relating to the acquisition of Kirkland-Whittaker Group Limited for a cash consideration of £2,010,000.

(iii) Agreement dated 30th June, 1981 between (1) Bowater Corpn. P.L.C. and Gibbs Nathaniel Limited and (2) Mercantile House relating to the acquisition of Rouse/Woodstock Limited for a consideration of £1,425,000 cash and 255,000 ordinary shares.

(iv) Agreement dated 1st July, 1981 between (1) E. Howald and Avinor Holding A.G., (2) P. E. Muller and Cosmofinanz A.G., (3) S. Fegel and Unirex A.G. and (4) Mercantile House relating to the acquisition of Cosmorex Holding A.G. for a cash consideration of Swiss francs 34,549,983 (£8.7 million).

(v) Agreement dated 6th July, 1981 between (1) Warburgs and (2) Mercantile House under which Warburgs agreed to underwrite a rights issue of 2,919,232 ordinary shares at a price of 345p per share for a commission of 2¼ per cent. of the gross proceeds of the issue out of which it paid a sub-underwriting commission of 1¼ per cent., a fee to the brokers to the issue and its own legal expenses.

(vi) Agreements resulting from an offer dated 17th March, 1982 between (1) Amin Holdings, S.A., J. P. Angehrn, Bay Investments (Jersey) Limited, J. C. Beavan, S. L. Bethell-Jones, J. S. Blackburn, C. G. Blows, P. G. Briggs, D. A. Brook, M. J. Clark, P. J. A. Coldstream, V. J. Cooper, Crossfriars Trust Limited, K. N. Daniels, E. H. N. Davies, Davies Trust, J. G. Elliott, A. M. Eykyn, Gill & Duffus Group Limited, D. Goodenough, I. L. Heustice, A. M. P. Howorth, P. Kempster, R. Kiefer, T. Learie, M. Lemmon, J. S. Levine, J. L. Little, H. M. Lukye-Roskott, The Mercantile Investment Trust Limited, M. McVeigh, C. T. Morgan, J. C. S. Ng, R. S. O'Brien, O'Brien Trust, J. O'Reilly, R. D. Packshaw, E. M. Partridge, R. B. Phelan, M. E. Puddy, Robert Fleming Investment Trust Limited, Dr. E. S. Saba, H. R. Schweizer, F. A. Shair, R. Siebenmann, B. D. Smith, M. A. G. Walshaw, J. K. Warren, M. J. Wright, and Charles Fulton 1978 Act Trust and (2) Mercantile House relating to the acquisition of Charles Fulton Holdings Limited for a total consideration of £6,522,562.

(vii) Agreement dated 7th April, 1982 between (1) Bowater Far East Limited, (2) Temenggong Limited and (3) Martenborow Pte. Limited relating to the acquisition of U.R.B. Commodities (Pte.) Limited for a consideration of Singapore dollars 1,577,483 (£425,000).

(viii) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House and (3) Mercantile House (U.S.A.) Inc. under which it has been agreed, subject to certain conditions, that Mercantile House (U.S.A.) Inc. will acquire 80 per cent. of the outstanding shares of capital stock of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Management for a total cash consideration of U.S.$115,812,500 and a promissory note for £6,812,465. The agreement contains an option, exercisable within 7 days of completion by either the Oppenheimer Partnership or Mercantile House, which will be exercised by Mercantile House immediately following completion, for the exchange of the promissory note for 1,703,116 ordinary shares. The consideration for the grant of the option is part of the general consideration under the agreement. The purchase price will be reduced if, beyond a specified minimum, the advisory fees receivable by Oppenheimer Capital are reduced because of termination of advisory agreements by reason of the change in ultimate ownership of Oppenheimer Capital.

As part of the arrangements for the acquisition, certain shares of Oppenheimer Holdings have been redeemed from the Oppenheimer Partnership upon completion by (a) the transfer to the Oppenheimer Partnership of certain specified subsidiaries and assets, subject to certain liabilities, of Oppenheimer Holdings, which are, unconnected with the principal businesses in which the Oppenheimer group is engaged and (b) a cash payment of U.S.$161,000. If the net income of the Oppenheimer group for the period from 1st February, 1982 to completion is either greater or less than U.S.$2 million, the cash payment will be adjusted (subject to certain adjustments) by an amount equal to 80 per cent. of the excess or shortfall (see also contract (xiii) below).

The agreement contains a number of warranties and undertakings relating to the corporate and financial position and the conduct of the business of the Oppenheimer group, including warranties as to the payment of and provision for tax and the absence of litigation. In the event of a breach of warranty, subject to a specified minimum and maximum, Mercantile House and Mercantile House (U.S.A.) Inc. will be entitled to indemnification by the Oppenheimer Partnership (see also paragraph 9 of this Appendix).

(ix) Agreement dated as of 31st May, 1982 between (1) Electra, (2) Mercantile House and (3) Mercantile House (U.S.A.) Inc. under which Mercantile House (U.S.A.) Inc. will, subject to the same conditions as those contained in contract (viii) above, acquire 20 per cent. of the outstanding shares of capital stock of Oppenheimer Holdings, Oppenheimer Capital and Oppenheimer Management in consideration of a promissory note for £17,887,088. The agreement contains an option, exercisable within 7 days of completion by either Electra or Mercantile House, which will be exercised by Mercantile House immediately following completion, for the exchange of the promissory note for 4,471,772 ordinary shares. The consideration for the grant of the option is part of the general consideration under the agreement. This agreement contains provisions for the adjustment of the consideration similar to those contained in contract (viii) above. It also provides for certain shares of Oppenheimer Holdings to be redeemed from Electra upon completion by a cash payment of U.S.$1,830,000. If the net income of the Oppenheimer group for the period from 1st February, 1982 to completion is either greater or less than U.S.$2 million, the cash payment will be adjusted (subject to certain adjustments) by an amount equal to 20 per cent. of the excess or shortfall (see also contract (xiii) below). In addition, this agreement provides for the payment by Electra to Mercantile House of an amount equal to 25 per cent. of any amount which the Oppenheimer Partnership may be liable to pay to Mercantile House by reason of a breach of warranty contained in contract (viii) above.

(x) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House, (3) Mercantile House (U.S.A.) Inc. and (4) Electra containing an option for Mercantile House or Mercantile House (U.S.A.) Inc. to acquire 50 per cent. of the shares in Oppenheimer Gateway Properties, Inc. owned by the Oppenheimer Partnership and Electra for a price equal to 50 per cent. of the cost of such shares.

(xi) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership and (2) Mercantile House under which the Oppenheimer Partnership has agreed to certain limitations on its future activities as set out in sub-paragraph 5(c) above.

(xii) Agreement dated as of 31st May, 1982 between (1) Mercantile House and (2) the Oppenheimer Partnership containing an option for Oppenheimer Properties to require the Oppenheimer Partnership to acquire notes of Oppenheimer Livonia Associates having a principal amount not exceeding U.S.$6,000,000 and its shares in Oppenheimer Livonia Partners, Inc. for a consideration equal to the cost of such notes and shares.

(xiii) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House and (3) Electra whereby Mercantile House agreed to contribute approximately U.S.$5,000,000 to a compensation trust to be set up for the benefit of certain senior executives of the Oppenheimer group providing benefits which will vest in four annual instalments so long as they remain employed by the Oppenheimer group or in certain other circumstances as described in the agreement. The Oppenheimer Partnership and Electra have subsequently agreed to reduce the amount receivable by them in respect of the net income of the Oppenheimer group for the period to completion in consideration of which Oppenheimer Holdings will make a further contribution of U.S.$725,000 to this trust.

(xiv) Agreement dated as of 31st May, 1982 between (1) the Oppenheimer Partnership and (2) Mercantile House whereby Mercantile House agreed to maintain certain bonus compensation arrangements for employees of the Oppenheimer group.

(xv) Agreement dated 30th May, 1982 between (1) Mercantile House, (2) the Directors of Mercantile House and (3) Globe under which Globe has agreed to subscribe for 20,000,000 convertible preference shares at £1 per share and 5,000,000 ordinary shares at 400p per share, subject to (a) contracts (viii) and (ix) above being completed (or completed in escrow); (b) approval by the shareholders of Mercantile House; (c) an offer for sale of new ordinary shares being made; and (d) listing of the ordinary shares to be subscribed (subject to allotment).

(xvi) Agreement dated 30th May, 1982 between (1) Mercantile House, (2) the Directors of Mercantile House, (3) Globe and (4) Electra under which Globe and Electra agreed to underwrite an offer for sale of not more than 4,550,000 ordinary shares at an offer price of not less than 375p per share, subject to the same conditions (except that relating to the offer for sale), as those contained in contract (xv) above. Upon the execution of the subscription and purchase agreement with Warburgs, described in paragraph 7, the terms of this agreement were modified so that the total fee payable to Globe and Electra was the sum of (i) 2 per cent. of the total subscription price for the shares subscribed by Warburgs and (ii) £17,000.

(xvii) Agreement dated 30th May, 1982 between (1) Mercantile House and (2) Electra in which Mercantile House agreed to pay £323,588 as a fee to Electra in connection with the acquisition of the Oppenheimer group.

(xviii) Agreement dated 4th June, 1982 between (1) Charles Fulton (Brokers) Limited, (2) Charles Fulton (Financial Services) Limited, (3) Mitoplan Limited and (4) Mercantile House under which Fulton Packshaw Limited and Fulton Packshaw (Leasing) Limited were sold for a cash consideration of £700,000.

(xix) Agreement dated 24th June, 1982 between (1) Saturn Leasing Limited and (2) United States Leasing International Inc. ("USLI") under which Saturn Leasing Limited agreed to purchase USLI's minority interest in Saturn Lease Underwriting Limited for £325,008.

(xx) Agreement dated 12th July, 1982 between (1) Charles Fulton (Hong Kong) Limited, (2) Portquin Limited and (3) Mercantile House whereby Charles Fulton (Hong Kong) Limited has agreed to sell its business and assets for a cash consideration of £510,491.

(xxi) Agreement dated 12th July, 1982 between (1) Charles Fulton (Singapore) Limited, (2) Charles Fulton (Singapore) 1982 Limited and (3) Mercantile House whereby Charles Fulton (Singapore) Limited has agreed to sell its business and assets for a cash consideration of £298,079.

(xxii) Agreement dated 12th July, 1982 between (1) Charles Fulton (Hong Kong) Limited, (2) Charles Fulton (Singapore) Holdings Limited and (3) Mercantile House whereby Charles Fulton (Hong Kong) Limited has agreed to subscribe £2,515,631 for 6,000,000 Ordinary Shares of Charles Fulton (Singapore) 1982 Limited and to sell its shareholding in Charles Fulton (Singapore) 1982 Limited for a cash consideration of £6.5 million.

(xxiii) Agreement dated as of 16th July, 1982 between (1) the Oppenheimer Partnership, (2) Mercantile House and (3) Mercantile House (U.S.A.) Inc. whereby the Oppenheimer Partnership agreed to indemnify Oppenheimer Brokerage in respect of certain litigation.

**(b) The Oppenheimer group**

The following contracts, not being contracts in the ordinary course of business, have been entered into by Oppenheimer Holdings and its subsidiaries within the two years immediately preceding the date hereof and are, or may be, material:—

(i) Agreement dated as of 1st July, 1981 between (1) Oppenheimer Brokerage and (2) United States Trust Company of New York relating to Oppenheimer Brokerage's outstanding 18 per cent. Volume-Indexed Subordinated Debentures due 2001 in the aggregate principal amount of U.S.$25,000,000.

(ii) Revolving credit and term loan agreement dated 6th August, 1979, amended as of 15th March, 1982, between (1) Oppenheimer Brokerage and (2) Citibank NA (no amount outstanding as at the date hereof).

(iii) Term loan agreement dated as of 15th March, 1982 between (1) Oppenheimer Holdings, (2) Oppenheimer Capital, (3) Oppenheimer Management and (4) Citibank NA (U.S.$9,000,000 outstanding as at the date hereof).

(iv) Loan agreement dated 26th May, 1982 between (1) Oppenheimer Holdings and (2) Citibank NA (U.S. $1,607,000 outstanding as at the date hereof).

(v) Credit agreement dated as of 11th December, 1980 between (1) Oppenheimer Brokerage, (2) Oppenheimer Holdings and (3) Continental Illinois National Bank and Trust Company of Chicago (U.S.$3,000,000 outstanding as at the date hereof).

(vi) Agreement dated 9th November, 1981 between (1) Oppenheimer Properties and (2) Electra relating to Oppenheimer Properties' commitment to purchase, under certain circumstances, notes up to an amount of U.S.$6,000,000 of Oppenheimer-Livonia Associates.

(vii) Three agreements dated as of 31st December, 1981 between (1) Electra and (2) Oppenheimer Holdings, Oppenheimer Management and Oppenheimer Capital respectively pursuant to which the latter companies purchased or redeemed the minority interests then held by Electra in the Oppenheimer group for an aggregate consideration of U.S.$12,000,000.

**7. Subscription and purchase agreement with Warburgs**

By an Agreement (the "Subscription and Purchase Agreement") dated 21st July, 1982 and made between (1) the Directors of the Company (other than G. B. Greaves), (2) J. Nash, S. Robert, N. Gantcher, D. W. Spiro and M. C. Stoddart (the "proposed Directors"), (3) the Company, (4) Electra and (5) Warburgs, Warburgs have agreed, subject to the completion of the contracts referred to in sub-paragraphs 6(a)(viii), (ix) and (xv) and subject to the whole of the issued ordinary share capital of the Company being admitted to the Official List (subject to posting of Letters of Acceptance) by the Council of The Stock Exchange by not later than 18th August, 1982 and on the basis of the warranties by the Company, the Directors and the proposed Directors and the indemnity by the Company therein contained, to subscribe for 4,550,000 ordinary shares (the "New Shares") and to purchase from Electra 1,450,000 ordinary shares (the "Electra Shares") in the Company (being the shares to be offered for sale) in each case at a price of 375p per share (the "Offer for Sale Price"), and to offer all such shares for sale to the public at the Offer for Sale Price. Under the Subscription and Purchase Agreement the Company will pay Warburgs a fee of ½ per cent. of the Offer for Sale Price in respect of each of the New Shares together with VAT thereon (if any). The Company will pay underwriting commissions and a fee to the brokers to the offer for sale totalling 1½ per cent. of the Offer for Sale Price in respect of the New Shares together with VAT thereon (if any). Electra will pay underwriting commissions and a fee to the brokers to the offer for sale totalling 1½ per cent. of the Offer for Sale Price in respect of the Electra Shares together with VAT thereon (if any). The Company will pay all costs and expenses, including those of Warburgs, (together with any VAT thereon) of and incidental to the offer for sale.

**8. Premises**

**(a) The Mercantile House group**

The principal U.K. and U.S. offices of the Mercantile House group comprise the following leasehold premises:—

| Address | Floor area, square feet | Annual rent | Next rent review | Expiry date |
|---|---|---|---|---|
| 66 Cannon Street, London EC4 | 13,015 | £180,000 | 25th March, 1983 | 25th March, 1993 |
| 52/60 Cannon Street, London EC4 | 12,000 | £155,640 | Currently under review | 4th July, 1992 |
| 34/40 Ludgate Hill, London EC4 | 16,650 | £108,500 | 30th November, 1982 | 30th September, 1997 |
| 30/32 Ludgate Hill, London EC4 | 11,817 | £110,000 | 25th March, 1985 | 18th June, 1994 |
| 76 William Street, New York | 24,456 | U.S.$281,632 | 1st February, 1985 | 31st January, 1990 |
| 90 John Street, New York | 38,095 | U.S.$847,020 | 1st July, 1986 | 30th June, 1996 |
| 222 South Riverside Plaza, Chicago | 10,654 | U.S.$123,693 | — | 30th September, 1985 |

Continued

# BUSINESSMAN'S DIARY

## UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Aug 21-30 | Motor Cycle Show (01-385 1200) | Earls Court |
| Sept 5-8 | International Hardware Trades Fair (0727 63213) | Olympia |
| Sept 5-9 | International Watch, Jewellery, and Silver Trades Fair (01-643 3040) | Earls Court |
| Sept 5-12 | International Air Show (01-839 3231) | Farnborough |
| Sept 7-10 | Label, Labelling, Marking and Identification Industry Exhibition—LABELEX (01-467 7728) | NEC, Birmingham |
| Sept 7-10 | International Carpet Fair (021-705 6707) | Harrogate |
| Sept 12-16 | International Woodworking Industries Exhibition—IWIE (01-486 1951) | NEC, Birmingham |
| Sept 12-15 | MAB International Menswear Fair (0727 63213) | Earls Court |
| Sept 14-16 | Coil Winding International '82 (0202 891339) | Wembley Conference Centre |
| Sept 19-21 | National Bakers' Buying Fair (01-446 2411) | Barbican |
| Sept 21-23 | Harrogate Fashion Fair (01-637 2400) | Harrogate |
| Sept 21-23 | Environmental Health Exhibition and Congress (01-637 2400) | Scarborough |
| Sept 26-28 | British Footwear Fair (01-739 2071) | Olympia |
| Sept 26-29 | Fashion Shoes Exhibition (0462 50333) | Kensington Close Hotel |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| | | |
|---|---|---|
| Aug 18-21 | Business Equipment and Computer Exhibition — COMBEX (0483 38085) | Hong Kong |
| Aug 19-21 | International Electronic Packaging and Production Equipment Exhibition—INTERNEPCON (0483 38085) | Singapore |
| Aug 27-29 | International Men's Wear and International Jeans Fair (01-730 4645) | Cologne |
| Aug 28-Sept 1 | International Autumn Fair (01-734 0543) | Frankfurt |
| Aug 30-31 | Fashion Samples Fair—INTERCHIC (01-749 3061) | Berlin |
| Aug 30-Sept 2 | Indro-Perfumery Exhibition (01-486 1951) | Utrecht |
| Sept 4-7 | Women's Ready-to-Wear Clothing Show (Paris (1) 266-08.40) | Paris |
| Sept 6-11 | International Shipbuilding, Marine, Small Ships and Fishing Exhibition (021-705 6707) | Korea |
| Sept 11-16 | International Public Works Congress and Equipment Show '82 (01-637 2400) | Houston |
| Sept 14-18 | International Electrical Technology Fair—FINNTECH (01-486 1951) | Helsinki |
| Sept 14-19 | International Exhibition for Auto, Motor Car Workshop Service Station and Garage Equipment (01-734 0543) | Frankfurt |
| Sept 14-22 | International Autumn Fair (01-486 1951) | Zagreb |
| Sept 18-21 | International Sports Equipment and Leisure Goods Exhibition—SPOREX—ASIA (01-681 7688) | Singapore |
| Sept 21-23 | International Exhibition and Conference for the Pharmaceutical, Cosmetics, Toiletry and Allied Industries—INTERPHEX (021 384 3384) | New York |

## BUSINESS AND MANAGEMENT CONFERENCES

| | | |
|---|---|---|
| Aug 23-27 | Management Training Consultants: Techniques of supervisory and management training for trainers (0533 27062) | Leicester |
| Aug 25 | Oyez/IBC: Deep water pipeline technology (01-242 2481) | Norway |
| Aug 30-Sept 1 | Management Centre Europe: Developing high performance teams (02 219 03 90) | Brussels |
| Aug 31-Sept 2 | FT Conference: Aerospace enters a new era (01-621 1355) | Grosvenor House, W1 |
| Sept 1 | John Ottensooser: Tax planning — New Opportunities for the Professions (01-499 8281) | Savoy Hotel, WC2 |
| Sept 6-8 | Frost and Sullivan: Data communications: advanced concepts and systems (01-486 8377) | Mount Royal Hotel, London |
| Sept 7-10 | Industrial Relations Services: Law for personnel industrial relations and works managers (01-328 4751) | Royal Horseguards Hotel, Ldn |
| Sept 7 | Centre for Extension Studies: Contingency planning for bomb, arson and kidnapping threats (0509 263171) | Loughborough |
| Sept 9 | Oyez/IBC: The art of negotiating (01-242 2481) | Hyatt Carlton Hotel, SW1 |
| Sept 9-14 | The Textile Institute: Textile machinery—Investing for the Future (061-834 8457) | Palace Hotel, Lucerne |
| Sept 13-15 | Concrete Society: International symposium on concrete roads (01-235 6661) | Tara Hotel, W8 |
| Sept 13-14 | Frost and Sullivan: Understanding and using CAD/CAM (01-486 8377) | Mount Royal Hotel, W1 |
| Sept 13-15 | FT Conference: World Financial Futures (01-621 1355) | London Press Centre EC4 |
| Sept 15 | IPS: Currencies—Acquiring the Know-How (0990 23711) | Dragonara Hotel, Bristol |
| Sept 16-17 | Bath University: Technology and product licensing for small and medium-sized firms (0225 61244) | Bath |
| Sept 17 | Institute of Directors: The London International Financial Futures Exchange (LIFFE) (01-839 1233) | Pall Mall, SW1 |
| Sept 21 | Hoare Govett: Financial futures seminar (01-353 1090) | Plaisterers' Hall, London |

*Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.*

# WEEK'S FINANCIAL DIARY

*The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.*

**TODAY**

COMPANY MEETINGS—
[illegible]

BOARD MEETINGS—
Finals: [illegible]
Interims: [illegible]

DIVIDEND & INTEREST PAYMENTS—
[illegible]

**TOMORROW**

COMPANY MEETINGS—
[illegible]

BOARD MEETINGS—
[illegible]

DIVIDEND & INTEREST PAYMENTS—
[illegible]

**WEDNESDAY AUGUST 18**

COMPANY MEETING—
[illegible]

BOARD MEETINGS—
Finals: [illegible]
Interims: [illegible]

DIVIDEND & INTEREST PAYMENTS—
[illegible]

**THURSDAY AUGUST 19**

COMPANY MEETINGS—
[illegible]

BOARD MEETINGS—
[illegible]

DIVIDEND & INTEREST PAYMENTS—
[illegible]

**FRIDAY AUGUST 20**

COMPANY MEETINGS—
[illegible]

BOARD MEETINGS—
Finals: [illegible]
Interims: [illegible]

DIVIDEND & INTEREST PAYMENTS—
[illegible]

**SATURDAY AUGUST 21**

DIVIDEND & INTEREST PAYMENTS—
[illegible]

**SUNDAY AUGUST 22**

DIVIDEND & INTEREST PAYMENTS—
[illegible]



# APPOINTMENTS

## New finance man at Fairclough

Mr Alan Robson has joined FAIRCLOUGH CONSTRUCTION GROUP as financial director, based at Sandiway, Cheshire.

★

Mr Peter J. Lee, a managing director of THE UNION DISCOUNT COMPANY OF LONDON, will retire from the company on September 30, and will be taking up another appointment in the City of London.

★

Following its recent formation of a heavy commercial vehicle division, VAG (UNITED KINGDOM) has appointed a new director, Mr Richard Ide, who will be responsible for the marketing of all heavy trucks, buses, and coaches produced by MAN and the MT range of medium trucks produced jointly by Volkswagen and MAN.

★

The board of the RADIO MARKETING BUREAU announces that Mr Arthur Fenning has been appointed chairman of the board.

★

Mr David K. Bond has been appointed managing director of INTERNATIONAL CONTAINER LEASING (UK) London, subsidiary of International Container Leasing, Tortola. Mr Bond was group legal advisor for Trans Container Services.

★

Mr W. J. Hayford has been appointed managing director of TRIUMPH ADLER'S UK operation. He joined the company in 1979 and was general manager.

★

HERTZ EUROPE, has appointed Mr Peter Judson as general manager Hertz Car Leasing in the UK.

★

Mr William Wyndham, formerly chief executive, has become chairman of STONE & COX (PUBLICATIONS). Mr Brian Cummings Knight has been appointed managing director. He was previously managing director of Kluwer UK Holdings. Mr Chris Morrison has been appointed editor of Policy Market.

★

Mr Patrick M. Cashman has been appointed managing director of STANG-WIMPEY DEWATERING, a company jointly owned by Wimpey Laboratories and Stang Hydronics Inc of California. He was until recently managing director of Skyes Construction Services.

★

COMPUTER PICTURES CORP, London, has appointed Mr Floyd Bradley as first vice-president Europe.

★

Mr F. H. Hughes has become development and marketing manager for CEMENTATION GROUND ENGINEERING, a Trafalgar House company. He was development manager. At another Trafalgar House company Mr Robert Spence has been appointed marketing manager of CEMENTATION PILING AND FOUNDATIONS. He was the chief estimator.

★

Mr A. E. (Tim) Wernly has been appointed chairman of SCANTRUCK and Mr Christopher Robinson becomes managing director following the retirement of Mr Ray Fisher. Mr Wernly is chairman of Scania (Great Britain). Mr Robinson joined Scantruck as general manager in December last year having been general manager of Wearne Brother Services, one of Malaysia's largest automotive importers/assemblers. Mr Fisher will continue his association with Scantruck as a consultant.

★

Mr Hugh Hunter Jones is to be reappointed as chairman of the HOTEL AND CATERING INDUSTRY TRAINING BOARD for a further year from November 7. Mr Hunter Jones formerly director of licensed houses, Bass Marketing, has been chairman of the Board since 1973.

★

SELKIRK COMMUNICATIONS has made the following changes in the management structure of its wholly-owned subsidiary company, Seltech International. Mr William E. Jeynes, previously managing director is elected chairman-chief executive officer; Mr David F. Craddock, previously sales director is elected managing director-chief operating officer; Mr Brian A. Wallis, director of corporate affairs for the UK of the holding company, is in addition elected director of administration of Seltech International; and Mr Kenneth A. Baker, vice-president, Selkirk Communications Canada and managing director Selkirk communications London is elected to the board of Seltech International.

★

Mr Richard Barrett has been appointed technical director of RACAL-REDAC. He was previously software systems manager with Quest Automation.

★

Mr Derek D. Rintoul and Mr Alan F. Hume have been appointed directors of WILLIAMS (HOUNSLOW), a division of Morton Norwich Products Inc., Chicago.

★

Mr Sam Silkin, has been appointed BPCC group deputy chairman. He is a director on the main board and chairman of Waterlow Publishers, subsidiary.

★

The London branch of HESSISCHE LANDESBANK-GIROZENTRALE, Frankfurt, has appointed Mr Hans-Jürgen-Schlichting as general manager replacing Mr Ronald A. Copeman who, although retiring from active management, will remain an adviser.

# BUILDING AND CIVIL ENGINEERING

## British contractors fall back in Middle East jobs race

THE VALUE of contracts obtained by UK construction companies in the Middle East has halved since the peak years of 1977-78 and Britain "is no longer a significant force" in that market, according to a report from Savory Milln, the London stockbrokers.

After a recent visit to Egypt, Iraq, the United Arab Emirates and Oman Mr Bob Erith, who heads his firm's building research team, notes that Britain's share of the market fell to only 3.7 per cent in 1981—its lowest level ever—from 5.3 per cent in 1980 and around 10 per cent at its peak.

The overseas country with the largest share of available work is South Korea which last year took about 11 per cent of the market. It was awarded $13.7bn of contracts overseas, over $9bn (£5.3bn) in the Middle East.

South Korea was followed by West Germany and Japan, each of which got about 9 per cent of the Middle East contracts available, both countries gaining from the depreciation in their own currencies. Other countries whose contractors have a major stake in the Middle East include the U.S. (8 percent), the Netherlands, France, Italy and Turkey.

Despite all this, the region is still the most important overseas area for many leading UK contractors, who last year took a smaller slice of a much bigger cake. In 1981 the value of contracts reported by Middle East Contracts: Directory and Analysis (MEDCA) soared by 77 per cent to $81bn, although second half activity was not as great as in the first six months.

UK contractors are having to come to terms with the fact that, in most countries, local contractors are now obtaining the bulk of the work. In most areas UK companies are having to work in joint venture or as minority partners with local concerns and their best hopes for the future, says Mr Erith, lie in specialist work, in joint ventures, and in sub-contracting.

The need to be flexible does not stop here. For the past decade, say the brokers, the main work for British companies has been in the UAE and in Saudi Arabia but it is now clear that the major opportunities for the UK area are going to be in Egypt and Oman.

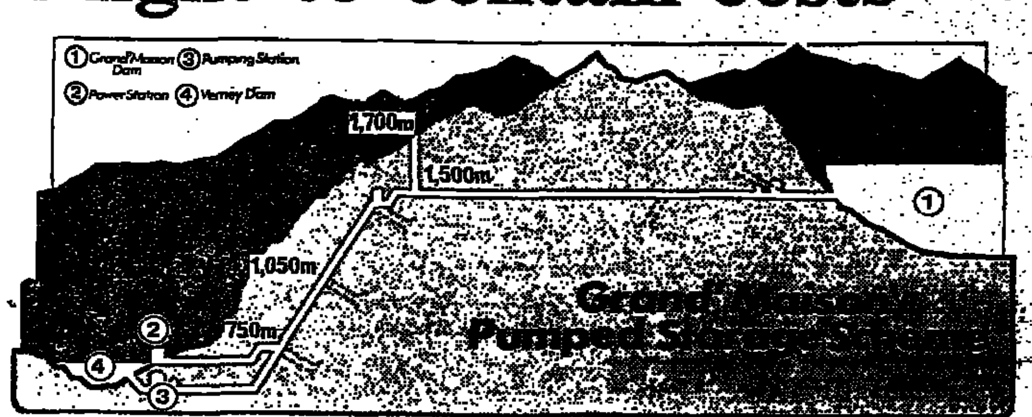
In addition, they say, the fall in oil revenues which will result in OPEC countries having no balance of payments surplus in 1982/1983 will "inevitably" mean a cutback in construction projects, which in most countries has already begun. For the same reason, finance for government and private schemes is likely to be more difficult to find.

Taking in the additional risks imposed by the Lebanon war and the Iranian invasion of Iraq, overseas contractors in the Middle East are clearly having to work even harder than they did before.

WILLIAM COCHRANE

## French fight to contain costs

SOARING COSTS have forced a major re-think on the formulation of contracts for the Grand' Maison pumped water storage scheme high in the French Alps, to the east of Grenoble.




When work on the scheme began in 1978, Electricite de France, the client, estimated total costs of the project at FFr 2.5bn (£210m). Without taking inflation into account, the figure had, by the beginning of this year, risen to FFr 3bn (£254m).

The project involves the construction of two dams, the 140hm³ capacity Grand'Maison at an altitude of 1,600m and the 15.6hm³ capacity Verney at an altitude of 760m, linked together by a 16km long tunnel. When the project is completed, water will be released from the Grand'Maison to race down the tunnel at a head of 1,000m to the power and pumping station at the Verney dam.

Work on the main access roads and the Verney dam are now near completion, but the building of the Grand-Maison dam and the driving of the connecting tunnel is still in its early stages. Work is limited to just one "season" a year because of the severe winter conditions on the mountain top.

But even work in the summer season is not without its problems. Contractors on the site are faced with hidden rock faults and unstable terrain in an exposed, remote and near-inaccessible site. The skilled workforce is swollen every summer by largely young and inexperienced workers who have to be trained on site. As a result contractors' costs have soared.

EDF began by granting contracts at real costs, at the time regarded as a fair approach because it was anticipated that contractors would face money-consuming, unforseeable difficulties.

But the scale of the problems exceeded all expectations. Contractors, trying to defray their increased costs by as much as possible, have been trying to account for every gramme of material removed even when this has been an essential part of the main task like cleaning off and stabilising the sides and embankments of the dams.

In an attempt to slow down the costs rise, EDF has now switched to granting individual, step-by-step contracts at fixed prices and under rigorous examinations.

But despite the problems, Grand Maison is a shot in the arm for France's depressed construction industry. All work is being carried out by Societe de Construction du Barrage de Grand Maison, a company set up by the contractors for the duration of the project. The chairman and directors of the board are provided by Razel (the lead contractor), Bec Freres, Bouygues, Chagnaud, Les Chantiers Modernes, Dumez, Dragage TP, Grand Travaux de Marseille BTP and Societe General d'Entreprises.

Excavating the Grand Maison dam and building its 160m high embankment is probably the biggest earthmoving operation currently being carried out in Europe. So far, 1.85m cubic metres of material has been moved from the site, with the embankment raised to about 28m above its lowest point.

Ten million cubic metres of material has still to be shifted and 30m has to be added to the embankment by 1984 to bring it up to the 100m level required prior to partial filling of the reservoir.

Because of the conditions, 80 per cent of the earth-moving, rock extraction and spoil clearing is carried out by hydraulic excavators; some machines are working on narrow benches on the edge of a 300m vertical cliff face. The bulk of these excavators are provided by Poclain under a contract guaranteeing 80 per cent availability.

But while the contractors are digging their big hole at the top of the mountain, EDF is trying to climb out of one at the bottom. Last year the electricity corporation suffered a record loss of FFr 4.4bn against profits of FFr 272m in 1980. While increased costs were a significant factor, a major part of the deficit was due to a 70 per cent increase in financing charges to FFr 14bn, or nearly a fifth of all revenues.

EDF has borrowed over FFr 50bn in the last two years to finance projects, including the National Energy Programme. Of that, 80 per cent or FFr 40bn has been raised through foreign banks.

TOM SEALY

## Cement price agreement 'threatened by imports'

THE POSSIBILITY of large-scale imports of continental cement into the UK could force fundamental changes in the basic structure of British cement-based industries, according to a study conducted by de Zoete & Bevan, the London stockbrokers.

At least two companies are pursuing plans to import European cement into the UK, where producers have been forced to curtail price increases because of the recession and because of the threat of overseas competition. Even so, the brokers claim, prices of UK cement are invariably substantially higher than elsewhere in Europe.

The report says that plans by two importers could provide enough importing capacity to satisfy up to 20 per cent of the demand of the equivalent of the London and south eastern counties' markets.

The brokers, who emphasise that the prospects for large-scale imports remain unclear, say the threat of foreign penetration could lead to the disbanding of the industry's common price agreement, creating competition between UK cement makers as well with foreign suppliers. It could also provoke ready mixed producers and UK cement manufacturers to abandon traditional demarcation lines and enter each other's markets.

According to de Zoete and Bevan, British manufacturers have seen deliveries fall by 36 per cent since 1973 and the prospect of imports could step up the need for more efficient manufacturing processes.

The report comments: "It remains to be seen if the UK cement producers can do what some other British industries have failed to do; namely to minimise the threat posed by potential imported competition without suffering reduced profits. The UK cement industry has the will and some of the means to defend itself.

The brokers provide a list of possible defensive measures, ranging from a reduction in prices, a cut in quality to protect margins, the importing of cement by the UK manufacturers themselves or—in extreme circumstances—the exportation of cement on a marginal costs basis in the hope of inflicting substantial damage to the importers' domestic market positions.

MICHAEL CASSELL

## ECGD backs loan for Cementation job

THE EXPORT Credits Guarantee Department has guaranteed the repayment and funding of a US$235m (£135m) loan to help finance the construction by Cementation International of the Qaboos university complex in Oman.

The loan has been made available by Morgan Grenfell, on behalf of a syndicate of banks, to the government of the Sultanate of Oman.

Cementation, part of the Trafalgar House group, won the contract—one of the largest overseas orders to be won by a single UK building contractor—in March. The work involves the construction of five faculty buildings, student and staff accommodation block, mosque and amphitheatre. Sports and recreational facilities will also be provided.

The total cost of the project has been put at £215m and, under the financing arrangements, British suppliers of goods and services for the university project could gain export orders worth over £130m. Completion is timed for the start of the 1986-87 academic year. Architects are YRM International of London.

The banks in the loan syndicate are Morgan Grenfell, Lloyds Bank International, Arab Bank, Bank of America NT and SA, Bank of Nova Scotia Trust (UK), International Westminster Bank, Kleinwort Benson, Midland Bank and Societe Generale Bank.

MICHAEL CASSELL

## Few entrants for RIBA awards

THE CHANGING pattern of architects' work and a continuing emphasis on mainly small-scale projects are reflected in RIBA's awards for Architecture 1982.

There are only two awards and 15 commendations, however, making 1982 share with last year the dubious honour of providing the lowest number of awards since the scheme's inception in 1965.

Winning projects area radio chemical centre for Amersham International at Cardiff, and St John Ogilvie's Church at Irvine.

## UK CONTRACTS

AMONG £14m of new orders for ESPLEY-TYAS CONSTRUCTION are offices, sheltered housing, supermarket extension, a transport depot and a major refurbishment scheme at Cardiff Central Station.

Work is under way on an office construction contract which calls for a multi-storey building at the junction of Church Street and Cornwall Street in central Birmingham.

Another major office development is at Gloucester Street, Bristol, which is due to be completed next March and provide 117,000 sq ft of high quality accommodation.

*

ONE OF the biggest single curtain walling projects ever undertaken in the UK is GRUNDY (TEDDINGTON) GROUP'S £13m contract for the external cladding for Heathrow's new Terminal 4 building.

The curtain walling is made up of very large glazed panels incorporating laminated, tinted and heat absorbing reflective glasses, purpose designed acoustic panels and anti-radar panels. These are all fixed into a light bronze coloured aluminium glazing grid.

The installation has been put through a series of stringent sound attenuation tests which have had the effect of reducing aircraft noise to sound levels experienced in the normal office environment.

*

A SECOND block of offices at Swindon for Hambro Life will be built by TAYLOR WOODROW which carried out a similar job for the same client there two years ago.

Worth £9m, the five storey building is the first part of a three-phase development in the town centre and is designed as an L shape to have a floor area of about 140,000 square feet.

It will have a reinforced concrete frame and will be clad externally with curtain walling panels with a synthapulvin finish. The contract also includes mechanical and electrical services. Work is scheduled for completion in March 1984.

CLARKE CONSTRUCTION'S Midlands regional office announces a batch of work worth around £5.8m.

Schemes include industrial units at Redditch and a warehouse at Stockport for ICFC; Bloxwich town centre redevelopment; 33 flats at Oldbury for Jephson Housing Association; a school at Stoneydelph, Tamworth; a TAVR centre at Telford; and a Homebase store at Oldbury.

*

THE Birmingham office of WIMPEY has new work totalling nearly £4.5m including a £770,000 maintenance scheme for the City of Birmingham involving internal and external redecoration of municipal properties in Sutton Coldfield, Kingstanding, Perry Common, Erdington and Castle Vale.

As a continuation of its work on the Parkfields Estate, Water Orton, the company recently started building timber framed homes for Solihull DC under a £1.28m contract.



## CONTRACT OVERSEAS

WIMPEY ALAWI has won a £6m order from John Brown Engineering for civil and building works for a 250 MW power station in Rusayl, Oman.

The work has just started and will involve construction of turbine and ancillary foundations, control and administration buildings and some associated external works.

## Housing finishes buoyant at Milton Keynes

IN THE first quarter of its financial year, Milton Keynes Development Corporation reports the highest number of private housing completions in the city since development began there in 1967.

Figures show 387 housing finishes—325 by private developers and 62 on plot sites—well on the way to achieving the Corporation's target of 1,100 completions this year, if there are no sharp changes in the market.

# TECHNOLOGY

EDITED BY ALAN CANE

### Australian invention starts to reap rewards

## How to save money in the wool spinning business

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

A SIMPLE process invented in Australia four years ago and reformed at Ilkley in Yorkshire is beginning to reap enormous benefits for worsted spinners in Europe. Next year it is hoped that the component will be on sale in the U.S. and throughout the Far East.

The component is called Sirospun and is a cost-saving device enabling production capacity of worsted spinning machines to be doubled. A yarn manufacturer can save 40 per cent of the cost of a medium yarn through adapting his machinery to its use and with finer counts of yarn the savings can be between 50 and 60 per cent.

The component has particular attractions for the manufacturers of worsted cloths since their process consists essentially of twisting two strands together. To do this the machine must assemble, wind and two-fold twist. Sirospun telescopes these actions into one, allowing a two-fold yarn to be produced direct from the spindle.

Efficiency of spinning is improved and it is easier to spin the fine worsted yarns. But essentially, the process is all about cost effectiveness. For a small outlay — as little as a quarter of the cost of a spinning spindle — great savings are possible.

Sirospun takes its name from the Commonwealth Scientific and Industrial Research Organisation in Australia, which invented the process. But the technology was polished up at the International Wool Secretariat's technical centre in Ilkley.

In the 12 months since the component has been on the market some 50,000 have been sold in Europe, two-thirds of them in Germany and almost all the rest in Britain. Within the next two years Mr W. V. Morgan, the centre's textile engineering manager, hopes that 300,000 will be sold.

"The world market runs into millions," he says. "We have only just begun to scratch at the surface of what we might do with this inexpensive piece of equipment".

He admits to being disappointed at the relatively slow rate of acceptance for Sirospun by British manufacturers but as a senior executive with an international body he is pleased at the world-wide reception the component has had.

The IWS is the promotional and technical arm of the world's wool producers, the farmers of Australia, New Zealand and South Africa and Uruguay in particular. Its international headquarters are in London and there are local branches in 30 countries.

The centre at Ilkley is the technical arm for the international organisation and the fact that both technical and organisational headquarters are based in the UK is something of a coincidence.

Pure research is undertaken in many countries and the IWS also sponsors some through outside bodies. But the job of Ilkley, with its 240 staff, which was set up in 1968, is to develop and pass on the research which comes out of the various centres, such as that in Geelong, Australia.

Mr Ian Graham, whose title of director of research and development hides his responsibilities as chief executive at Ilkley, says that the work of the centre is to try to improve the efficiency of wool as a fibre.

"Wool accounts for about 6 per cent of the take of fibres, natural and man-made, every year. At Ilkley, we look at every aspect of its use, from scouring to garment manufacturing.

"Our main aim is to get the consumer to use more wool and if this means that we have to know about textile machinery then we do work in that field too.

"What is tending to happen now is that we are moving back nearer the original problems. Environmental problems are becoming increasingly important. Scouring, for instance, is a heavy user of water, which means high rates. Effluents pollute our rivers and governmental controls are increasingly stringent.

"So what we are trying to do is to operate at the interface not only between research and technology but also between technology and society."

Mr Graham joined IWS's British branch in the 60s from ICI, where he specialised in dyeing and printing. He is aware of the need for the centre to come to terms with the changing relationship between the international body and the national organisations.

### Fundamental

"The tendency is for individual wool-producing countries to take more and more responsibility for fundamental research, which means we will increasingly have the difficult but most rewarding role of transferring the technology into industrial applications."

Mr Graham operates with a budget of nearly £4m. He believes that the staff he has is about right in numbers for the work the centre does and could do.

The different possible uses for wool. The model is wearing a needle punched Shetland sweater while the fireman has a flame-resistant and water repellant wool worsted serge uniform.

"You can always make out a case for more and, indeed, we might want more in a year or two. But wool is a quality fibre. If you buy wool you buy the best. It will never be a big volume product and so is a prestige fibre. The size of the industry, and this centre, and what it can absorb are therefore inter-related."

He is very keen at the moment to push the flame-retardant qualities of wool. The disadvantages of using other fibres was highlighted in the Falklands.

Many of the serious burns suffered by the sailors were exacerbated by the tendency for some fibres to melt under great heat and to seep into the burnt skin. Zirpro (or zirconium processed) treated wool gives, he claims, a much greater protection.

The zirpro treatment was invented at Ilkley 11 years ago by Dr Ladislav Benisek, a Czech emigré, and was originally intended for carpets. It has since been shown to work equally well on fabrics and has been chosen by airlines for seat covers and fire brigades for uniforms. Recently, the Home Office has tested the treated woollen cloth for possible use by the police.

The work of Ilkley is not all about esoteric processes, though. This autumn woollen sweaters will be on sale in the shops which have roving strips needle punched on to them. There will also be garments with a sculptured effect, in which parts of them are milled and parts not.

Another development in the shops from next month will be embossing by which a pattern is transferred on to a plain garment.

These are ways in which the final consumer can see the work done at Ilkley. Whether it is the spinner, the customer in the shop, or the fireman who benefits directly Mr Graham's satisfaction comes from knowing that wool is being used by a wider audience.



## Booklet published

INFORMATION on fibre optic systems including light sources, lasers, and optic monochromators, are detailed in a 55-page booklet designed to introduce apparatus which can make optical measuring and analytical techniques easier.

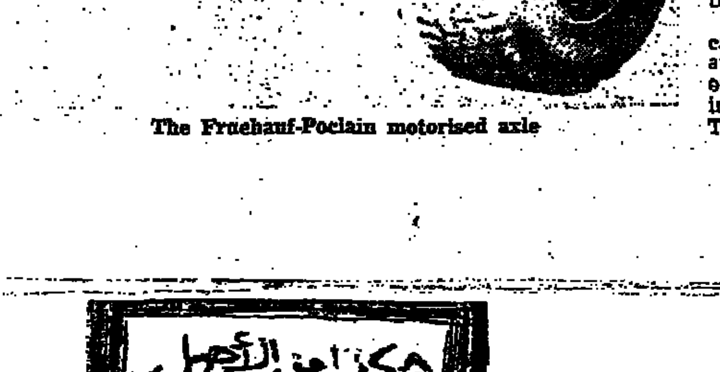
It's obtainable from Oriel Scientific, PO Box 136, Kingston on Thames (01-549 4525).

## Axles compromise for the difficult sites

CHOOSING between on-road and off-road trucks is a dilemma for vehicle operators faced with moving materials between construction sites by road.

A rigid chassis road vehicle is less efficient than an articulated off-road vehicle in soft going, and vice versa.

Now Fruehauf AG of Germany and Poclain SA of France have come up with a compromise solution—a rigid chassis semi-trailer with "motorised" axles.



The Fruehauf-Poclain motorised axle

### Adverse

The development stems from an original Poclain idea of imparting extra power to non-driven road wheels by incorporating hydraulic motors in the axle hubs.

Controlled from the tractor cab, the motors can be engaged at will to provide extra driving or braking power to the wheels in forward or reverse motion. The effect is to boost the mobility of the truck under the most adverse site conditions.

Fruehauf's contribution has been the design of the axles themselves and a heavy-duty, 17 cubic metre capacity, 24 tonne payload tipper built to meet construction site requirements.

The result is a semi-trailer with full on-road capability, but with the added facility to travel easily and effectively in extreme off-road conditions.

The design has had more than 150,000 hours' operation in France in a variety of configurations, mainly dumpers and truck mixers, by a number of contractors. It is now to be marketed abroad.

TOM SEALY



### Corrosion

## Concrete protection

BASF HAS developed a coating for concrete that prevents rusting of the reinforcing bars embedded within.

When the bars rust their volume increases and can seriously weaken the concrete. The problem seems to be growing: in Germany, for example, the Munich Olympic Village, barely 10 years old, has already suffered damage put at several million marks.

When cement crystallises on setting, a proportion of calcium hydroxide is formed which keeps the material alkaline and prevents rust formation.

But the carbon dioxide in the atmosphere can always find its way into the microscopic pores and cracks in the concrete where it reacts with the hydroxide to form a neutral salt (calcium carbonate) and water. Eventually the preventative hydroxide is used up so that rust can start.

The BASF coating, which uses polymerising plastics, can stop this carbonisation process almost completely by slowing down the ingress of both carbon dioxide and sulphur dioxide to a thousandth of the normal rate.

More from BASF, Farben und Fasern AG, Offentlichkeitsarbeit, Max Winkelmannstrasse, 80, D-4400 Munich-Hiltrupp.

## Label Dispenser

LAWTONS of 60 Vauxhall Road, Liverpool (051 227 1212) now has available the Lawco-Stielow U45 label dispenser, which, the company claims is ideal where such a unit might be needed for movement from one department to another.

The dispenser peels the backing paper off self-adhesive labels and feeds them one by one into a pick-up position where they can be taken off by the fingertips. It costs rather less than £200.

# WORLD STOCK MARKETS

هكذا من الأصل

## NEW YORK

| 1982 High | 1982 Low | Stock | Aug. 13 |
|---|---|---|---|
| 40⅞ | 28 | ACF Industries | 28⅝ |
| 27⅛ | 12⅝ | AMF | 12¾ |
| 28½ | 23¾ | ARA | 27 |
| 44⅝ | 25¼ | ASA | 30⅜ |
| 14⅝ | 11⅞ | AVX Corp | 14½ |
| 32⅜ | 25⅜ | Abbot Labs | 29 |
| 24½ | 15⅞ | Acme Cleve | 15¾ |
| 31 | 12 | Adobe Oil & Gas | 13¾ |
| 27⅛ | 15½ | Advanced Micro | 21 |
| 47⅞ | 33⅛ | Aetna Life & Cas | 33⅛ |
| 14⅞ | 8⅛ | Ahmanson (H.F.) | 9¾ |
| 37⅜ | 24 | Air Prod & Chem | 24⅝ |
| 15¾ | 8¼ | Akzona | 15¾ |
| 27 | 24 | Albany Int | 25¾ |
| 15 | 10⅞ | Alberto-Culv | 10⅞ |
| 35¼ | 24¾ | Albertson's | 32⅝ |
| 23⅞ | 16 | AlcanAluminium | 18¾ |
| 22 | 17¼ | Alco Standard | 19 |
| 30¼ | 20⅝ | Alexander & Al | 22½ |
| 33½ | 17⅞ | Aleghany Int | 16⅝ |
| 45⅛ | 29¼ | Allied Corp | 32¼ |
| 31⅝ | 22⅞ | Allied Stores | 23 |
| 15⅞ | 6¼ | Allis-Chalmers | 6⅞ |
| 15⅜ | 9⅝ | Alpha Portd | 14¾ |
| 26⅞ | 22 | Alcoa | 23¼ |
| 54 | 39⅝ | Amal. Sugar | 46⅛ |
| 48¼ | 17¾ | Amax | 18¼ |
| 28¼ | 17¾ | Amdahl Corp | 19 |
| 24½ | 15¼ | Amerada Hess | 16½ |
| 18¾ | 9⅜ | Am. Airlines | 14⅛ |
| 44 | 36⅝ | Am. Brands | 37½ |
| 41⅝ | 18½ | Am Broadcast'g | 38 |
| 35⅝ | 26⅞ | Am Can | 26¾ |
| 30 | 24⅝ | Am. Cyanamid | 28 |
| 18½ | 11⅛ | Am. Elect. Powr. | 18½ |
| 50 | 35¾ | Am. Express | 37½ |

| 1982 High | 1982 Low | Stock | Aug. 13 |
|---|---|---|---|
| 33⅛ | 26⅞ | Columbia Gas | 26⅞ |
| 23¼ | 17⅞ | Combined Int' | 18⅛ |
| 36⅝ | 21 | Combustn. Eng. | 21⅝ |
| 22⅛ | 19½ | Cmwlth. Edison | 20¾ |
| 67⅜ | 49¾ | Comm. Satellite | 50⅞ |
| 15 | 11¼ | Comp. Science | 11⅝ |
| 32⅛ | 27⅛ | Cone Mills | 27⅞ |
| 27½ | 21¼ | Conrac | 24 |
| 38⅜ | 16⅝ | Cons Edison | 17⅝ |
| 37 | 29¾ | Cons. Foods | 33¾ |
| 42⅜ | 32⅜ | Cons Freight | 41⅝ |
| 25¼ | 20⅛ | Con. Nat. Gas | 20¾ |
| 18⅛ | 16¼ | Consumer Power | 17⅛ |
| 4¾ | 3 | Cont. Air Lines | 4 |
| 28⅝ | 21⅛ | Contl. Corp | 21⅛ |
| 35½ | 25¼ | Contl. Group | 25⅞ |
| 36⅛ | 15⅝ | Contl. Illinois | 16 |
| 17¼ | 15 | Contl. Teleph | 15½ |
| 36¾ | 21⅛ | Control Data | 22¾ |
| 52⅛ | 19¾ | Cooper Inds | 19¾ |
| 13 | 9⅞ | Coors Adolph | 12 |
| 26⅛ | 13 | Copperweld | 13 |
| 56⅞ | 39⅞ | Corning Glass | 44 |
| 22 | 19⅝ | Corroon Black | 20⅛ |
| 32⅝ | 24 | Cox Broadcast'g | 27⅝ |
| 35½ | 18¼ | Crane | 18⅞ |
| 36 | 21 | Crocker Nat | 21 |
| 30⅜ | 22¾ | Crown Cork | 23¼ |
| 22⅝ | 15⅞ | Crown Zell | 16⅜ |
| 39⅝ | 25¾ | Cummins Eng | 28½ |

## CANADA

| 1982 High | 1982 Low | Stock | Aug. 13 |
|---|---|---|---|
| 25 | 15½ | AMCA Intl | 17⅜ |
| 22⅝ | 15¼ | Abitibi | 16¼ |
| 8 | 5 | Agnico Eagle | 7.50 |
| 26⅞ | 20⅝ | Alcan Alumin | 23½ |
| 43¾ | 23¼ | Algoma Steel | 24⅝ |
| 19 | 10 | Asbestos | 10½ |
| 25⅞ | 17⅛ | Bk Montreal | 18 |
| 27⅛ | 20 | Bk Nova Scotia | 23⅛ |
| 4.60 | 2.15 | Basic Resources | 2.10 |
| 20⅜ | 16¾ | Bell Canada | 17⅛ |
| 19¼ | 10¼ | Bow Valley | 14 |
| 33½ | 21 | BP Canada | 22¾ |
| 24 | 12⅜ | Brascan A | 12⅝ |
| 6 | 2.80 | Brinco | 3.25 |
| 12½ | 6¾ | B. C. Forest | 7¼ |
| 34 | 18¼ | CIL Inc | 18¾ |
| 13½ | 5½ | CadillacFairview | 5⅝ |
| 11¼ | 8 | Can Cement | 8⅛ |
| 34½ | 18¾ | Can NW Energy | 24¾ |
| 33½ | 28½ | Can Packers | 28½ |
| 29 | 18¼ | Can Trusco | 20 |
| 28¾ | 16⅞ | Can Imp Bank | 19 |
| 40⅝ | 25 | Cdn Pacific | 25⅞ |
| 18¼ | 13 | Can. Pac. Ents | 15¼ |
| 36½ | 31½ | Can Tire | 36½ |
| 22¼ | 15¼ | Chieftan | 18¼ |
| 54½ | 34 | Cominco | 37 |
| 18¾ | 13¾ | Cons Batest A | 14 |

## HOLLAND

| 1982 High | 1982 Low | Aug. 13 | Price Fls |
|---|---|---|---|
| 87.5 | 69 | ACF Holding | 78.3 |
| 90 | 60 | Alhold | 90 |
| 25.6 | 22.8 | AKZO | 25 |
| 304 | 267 | ABN | 268 |
| 93.7 | 78.0 | AMEV | 87.5 |
| 56 | 38.3 | AMRO | 38.3 |
| 204.5 | 150 | Bredero Cert | 151.5 |
| 70 | 37 | Boskalis Westm. | 37 |
| 47.8 | 31.7 | Buhrmann-Tet | 50.2 |
| 37 | 25.5 | Caland Hldgs | 26.5 |
| 161.5 | 131.2 | Elsevier-NDU nv. | 152.5 |
| 131 | 106 | Ennia | 125 |
| 75.7 | 69 | EuroCom Tst | 74.5 |
| 78.5 | 61.5 | Gist.-Brocades | 75.3 |
| 65.1 | 47.5 | Heineken | 64.4 |
| 18.3 | 13.9 | Hoogovens | 14.4 |
| 9 | 6.0 | Hunter Douglas | 8.1 |
| 25.7 | 16 | Int-Muller | 16.4 |
| 115.5 | 81.5 | KLM | 84 |
| 30.4 | 20 | Naarden | 23.1 |
| 119.8 | 104 | Nat Ned Cert | 116 |
| 37.3 | 26 | Ned Cred Bank | 27.7 |
| 147.5 | 100 | Ned Mid Bank | 100 |
| 140 | 104.2 | Nedlloyd | 108 |
| 120.2 | 68.0 | Oce Grinten | 119.5 |
| 40.2 | 20.9 | Ommeren (Van) | 22.8 |
| 45.4 | 34.8 | Pakhoed | 35.7 |
| 30.5 | 20.3 | Philips | 23.1 |
| 38 | 21.1 | Rijn-Schelde | 22.6 |
| 222.5 | 195 | Robeco | 195.3 |
| 125.6 | 118.2 | Rodamco | 125.2 |
| 217.5 | 188.80 | Rolinco | 188.8 |
| 159.50 | 135.3 | Rorento | 159.2 |
| 94.3 | 71.8 | Royal Dutch | 81.4 |
| 95.3 | 71.2 | Slavenburg's | 79 |
| 232 | 175 | Tokyo Pac Hg | 179.8 |

## HONG KONG

| 1982 High | 1982 Low | Aug. 13 | Price HK$ |
|---|---|---|---|
| 22.60 | 10 | Cheung Kong | 10 |
| 2 | 1.55 | Cosmos Prop | 1.70 |
| 11.70 | 9.6 | Cross Harbour | 9.6 |
| 130 | 59 | Hang Seng Bank | 63 |
| 6.70 | 4.67 | HK Electric | 5.25 |
| 5.95 | 3.60 | HK Kowloon Wh. | 3.75 |
| 9.65 | 5.70 | HK Land | 5.9 |
| 12.20 | 8.75 | HK Shanghai Bk. | 9.00 |
| 34.25 | 25.20 | HK Telephone | 26.3 |
| 18.50 | 11.80 | Hutchison Wpa | 11.9 |
| 18.60 | 12.00 | Jardine Math | 14.4 |
| 5.15 | 2.68 | New World Dev. | 2.70 |
| 6.35 | 4.3 | O'seas Trust Bk. | 4.38 |
| 9.20 | 4.55 | SKH Props | 4.65 |
| 12.60 | 8.50 | Swire Pac A | 8.85 |
| 6.80 | 4.45 | Wheel'k Mard A. | 4.50 |
| 5.20 | 4.20 | Wheel'k Mariti'e | 4.20 |
| 3.25 | 2 | World Int. Hldgs. | 2.05 |

## JAPAN

| 1982 High | 1982 Low | Aug. 13 | Price Yen |
|---|---|---|---|
| 949 | 761 | Ajinomoto | 772 |
| 720 | 417 | Amada | 439 |
| 713 | 430 | Asahi Glass | 438 |
| 462 | 399 | Bridgestone | 405 |
| 1,010 | 643 | Canon | 780 |
| 337 | 258 | Citizen | 280 |
| 658 | 600 | Daiei | 600 |
| 485 | 359 | DKBO | 484 |
| 766 | 360 | Dia Nippon Ptg | 608 |
| 425 | 363 | Daiwa House | 393 |
| 415 | 355 | Daiwa Seiko | 390 |
| 469 | 359 | Ebara | 537 |
| 1,040 | 752 | Eisai | 805 |
| 503 | 490 | Fuji Bank | 500 |
| 1,520 | 1,190 | Fuji Film | 1,340 |
| 1,500 | 1,140 | Fujisawa | 1,280 |
| 6,780 | 3,600 | Fujitsu Fanuc | 3,600 |
| 2,290 | 1,710 | Green Cross | 5,860 |
| 650 | 460 | Hasegawa | 461 |
| 605 | 501 | Heiwa Real Est. | 501 |
| 725 | 541 | Hitachi | 580 |
| 576 | 425 | Hitachi Koki | 515 |
| 864 | 682 | Honda | 666 |
| 1,150 | 928 | House Food | 925 |
| 834 | 619 | Hoya | 705 |
| 345 | 261 | Itoh (C) | 360 |
| 436 | 354 | Ito-Ham | 265 |
| 1,040 | 770 | Ito-Yokado | 886 |
| 629 | 360 | JACCS | 379 |
| 2,420 | 2,150 | JAL | 2,350 |
| 714 | 541 | Jusco | 576 |
| 376 | 310 | Kajima | 311 |
| 570 | 470 | Kao Soap | 480 |
| 973 | 610 | Kashiyama | 619 |
| 458 | 351 | Kikkoman | 368 |
| 445 | 362 | Kirin | 362 |
| 1,010 | 685 | Kokuyo | 865 |
| 510 | 431 | Komatsu | 440 |
| 530 | 340 | Komatsu F'lift | 340 |
| 669 | 519 | Konishiroku | 550 |
| 342 | 330 | Kubota | 330 |
| 473 | 351 | Kumugia | 360 |
| 4,140 | 3,060 | Kyoto Ceramic | 3,400 |
| 416 | 336 | Lion | 346 |
| 642 | 314 | Maeda Const. | 515 |

## Indices

### NEW YORK — DOW JONES

### NEW YORK ACTIVE STOCKS

## AUSTRIA

## BELGIUM/LUXEMBOURG

## DENMARK

## FRANCE

## GERMANY

## NORWAY

## ITALY

## AUSTRALIA

## SINGAPORE

## SWEDEN

## SWITZERLAND

## SOUTH AFRICA

## BRAZIL

Financial Rand U.S.$—(Discount of —%)

## TEL AVIV

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Companies and Markets

# CURRENCIES, MONEY and GOLD

## MONEY MARKETS

# Cautious optimism returns

It is not usually pleasant to be proved wrong but anyone expecting a cut in clearing banks' base rates last week unhappily found themselves in that position. The Bank of England had been successful in maintaining the downward impetus in rates but was unable or unwilling to push further last week as it became more obvious that instead of weakening, U.S. interest rates were on the up. Consequently the market became a little dull as most people sat back and waited for some new development. This appeared on Friday when U.S. rates started to fall back after the U.S. Federal Reserve had increased market liquidity levels. Consequently Euro-dollar rates finished the week slightly down from the previous Friday.

The last time the Federal Reserve added reserves before Thursday was on Monday and this had the same downward influence on rates before finally being dismissed as a technical move. Thursday's similar action was treated a little differently with hopes that continuing evidence of an economic recession in the U.S. may encourage the authorities to reduce interest rates still further.

Hopes of a cut in UK interest rates were raised therefore towards the end of last week although the authorities will realise that one thing worse than leaving interest rates artificially high is to bring them down in haste only to see them rise again.

Interest rates finished the week a little higher in places compared with the previous week while the Bank of England left its dealing rates unchanged.

The dollar's strong performance had repercussions elsewhere. Hopes of a cut in the West German Lombard rate finally vanished on Thursday when the Bundesbank's central council left the Lombard rate at 9 per cent. There now seems little chance of a cut until the dollar depreciates although it has become increasingly difficult just recently to speculate exactly what is likely to happen both on a short and long term basis.

## WEEKLY CHANGE IN WORLD INTEREST RATES

| | Aug. 13 | change | | Aug. 13 | change |
|---|---|---|---|---|---|
| **LONDON** | | | **NEW YORK** | | |
| Base rates | 11½ | Unch'd | Prime rates | 15 | Unch'd |
| 7 day interbank | 11⅝-12 | Unch'd | Federal funds | 10¼-10½ | -¾ |
| 3 mth interbank | 11$\frac{7}{16}$-11½ | +$\frac{1}{16}$ | 3 mth Treasury Bills | 9.20 | -0.78 |
| Treasury Bill Tender | 10.7110 | -0.0136 | 6 Mth. Treasury Bills | 10.25 | -0.68 |
| Band 1 Bills | 11½ | Unch'd | 3 Mth. CD | 11.20 | -0.40 |
| Band 2 Bills | 11¼ | Unch'd | **FRANKFURT** | | |
| Band 3 Bills | 11⅛ | Unch'd | Lombard | 9.0 | Unch'd |
| 3 Mth. Treasury Bills | 10¾ | Unch'd | One Mth. Interbank | 9.50 | +0.05 |
| 1 Mth. Bank Bills | 11⅛ | +$\frac{1}{16}$ | Three month | 9.325 | +0.035 |
| 3 Mth. Bank Bills | 10$\frac{31}{32}$-10$\frac{15}{16}$ | Unch'd | **PARIS** | | |
| **TOKYO** | | | Intervention Rate | 14¼ | Unch'd |
| One month Bills | 7.40625 | +0.0625 | 1 Mth. Interbank | 14$\frac{7}{8}$ | Unch'd |
| Three month Bills | 7.34375 | +0.0625 | Three month | 14¾ | Unch'd |
| **BRUSSELS** | | | **MILAN** | | |
| One month | 13⅞ | -$\frac{1}{32}$ | One month | 19$\frac{1}{16}$ | -¼ |
| Three month | 14$\frac{1}{16}$ | -⅛ | Three month | 19$\frac{3}{16}$ | -⅛ |
| **AMSTERDAM** | | | **DUBLIN** | | |
| One month | 8¾ | -$\frac{1}{16}$ | One month | 17$\frac{5}{8}$ | Unch'd |
| Three month | 9 | Unch'd | Three month | 17½ | -$\frac{1}{16}$ |

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 11.

## BANK OF ENGLAND TREASURY BILL TENDER

| | Aug 13 | Aug. 6 | | Aug 13 | Aug. 6 |
|---|---|---|---|---|---|
| Bills on offer | £100m | £100m | Top accepted rate of discount | 10.7294% | 10.7494% |
| Total of applications | £465.005m | £451.86m | Average rate of discount | 10.7110% | 10.7246% |
| Total allocated | £100m | £100m | Average yield | 11.00% | 11.02% |
| Minimum accepted bid | £97.32½ | £97.32 | Amount on offer at next tender | £100m | £100m |
| Allotment at minimum level | 12% | 93% | | | |

## FT LONDON INTERBANK FIXING

3 months U.S. dollars: bid 12 5/8, offer 12 1/2

## LONDON MONEY RATES

| Aug. 13 1982 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 11⅝-20 | 11½-11¾ | — | — | 12-12¼ | 11-11¾ | — | — | — |
| 2 days notice | — | — | 11⅝-11½ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 11⅝-12 | 11⅝-11½ | — | — | 12 | 11½ | — | — | — |
| One month | 11½-11⅝ | 11⅝-11½ | 11½ | 11⅝-11¼ | 11⅝ | 11⅝ | 11-11¼ | 11¼ | 11½ | 11⅞ |

## CURRENCIES

# Dollar hesitates

The dollar touched record levels during the week as U.S. interest rates remained high but lost ground on Friday after the U.S. Federal Reserve Bank had added reserves to the money market on Thursday. This gave rise to renewed speculation that U.S. rates may ease further. However the market's reaction to statistics and moves by the authorities, that on other occasions would have been largely ignored, has been extremely sensitive, notably in the U.S. This resulted in sharp currency fluctuations.

Attitudes in European centres were a little more restrained. No-one was willing to go short on dollars while the very uncertainty of dollar trends made sizeable long positions equally precarious.

Sterling turned in quite a respectable performance, finishing the week with its index virtually unchanged from the week before and managing to recover ground against the dollar lost earlier in the week.

The Japanese yen continued to lose ground against the dollar. It fell to its worst level since September 1977 on Wednesday but showed signs of recovering towards the end of the week mainly on dollar weakness. The yen has been weaker against most currencies however, and of the major currencies has only managed an improvement against the French and Belgian francs (largely through their own weakness). In November 1979 the D-mark stood at Y143 and by the beginning of this year had fallen to around Y98. Since then however the bradual appreciation of the yen has been halted and the D-mark is now trading at about Y105.

But it would seem that with low inflation and a continuing trade surplus, the reduction in the yen's value is likely to be reversed if for no other reasons than a stronger yen will make imports cheaper (helping to allay foreign accusations of protectionism) and allow a fall in interest rates and a revived economy.

Gold spent a rather uninteresting and featureless week trading between a high of $339 and a low of $330 to finish at $338-339 from $346-347.

## THE DOLLAR SPOT AND FORWARD

## THE POUND SPOT AND FORWARD

## FORWARD RATES AGAINST STERLING

## GOLD MARKETS

Gold Bullion (fine ounce)

| | Aug. 13 | | Aug 12 | |
|---|---|---|---|---|
| Close | $338-339 | (£198¼-198¾) | $335-336 | (£197¼-197¾) |
| Opening | $337½-338½ | (£198-198½) | $332½-333½ | (£195¾-196¼) |
| Morning fixing | $337.75 | (£197.284) | $333.25 | (£196.341) |
| Afternoon fixing | $338 | (£197.488) | $334.75 | (£197.179) |

Gold Coins Aug. 13

## EMS EUROPEAN CURRENCY UNIT RATES

## OTHER CURRENCIES

| Aug 13 | £ | $ | | Note Rates |
|---|---|---|---|---|
| Argentina Peso | 38,415† | 23,050† | Austria | 29.90-30.20 |
| Australia Dollar | 1.7470-1.7490 | 1.0250-1.0255 | Belgium | 85.60-86.60 |
| Brazil Cruzeiro | 323.42-324.42 | 188.96-189.90 | Denmark | 14.75-14.90 |
| Finland Markka | 8.17-8.20 | 4.7795-4.7815 | France | 11.86-11.96 |
| Greek Drachma | 118.376-122.0 | 70.30-70.00 | Germany | 4.25½-4.29½ |
| Hong Kong Dollar | 10.38¼-10.39¾ | 6.10-6.11 | Italy | 2350-2390 |
| Iran Rial | 144.95* | 85.05* | Japan | 447-452 |
| Kuwait Dinar (KD) | 0.495-0.496 | 0.29065-0.29065 | Netherlands | 4.69¼-4.73¼ |
| Luxembourg Fr. | 81.60-81.70 | 47.93-47.94 | Norway | 11.42-11.52 |
| Malaysia Dollar | 4.02-4.03 | 2.3630-2.3660 | Portugal | 144-159 |
| New Zealand Dlr. | 2.3410-2.3460 | 1.3735-1.3755 | Spain | 186¼-196 |
| Saudi Arab. Riyal | 5.8625-5.8695 | 3.4395-3.4405 | Sweden | 10.51-10.61 |
| Singapore Dollar | 3.70-3.71 | 2.1740-2.1770 | Switzerland | 3.64-3.68 |
| Sth. African Rand | 1.9680-1.9695 | 1.1555-1.1565 | United States | 1.70½-1.72½ |
| U.A.E. Dirham | 6.2570-6.2665 | 3.6710-3.6730 | Yugoslavia | 93½-105 |

** The rate for August 12 should have read: 1.7420-1.7440. † Rate shown for Argentine is commercial. Financial rate 56,527-56,587 against sterling 38,950-39,000 against dollar. * Selling rate.

## CURRENCY MOVEMENTS

| Aug. 13 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 90.9 | -32.4 |
| U.S. dollar | 122.4 | +12.8 |
| Canadian dollar | 88.5 | -18.9 |
| Austrian schilling | 117.6 | +27.1 |
| Belgian franc | 94.7 | -1.4 |
| Danish kroner | 81.7 | -14.8 |
| Deutsche mark | 124.4 | +49.0 |
| Swiss franc | 144.2 | +95.2 |
| Guilder | 116.1 | +23.5 |
| French franc | 73.4 | -20.3 |
| Lira | 53.8 | -58.4 |
| Yen | 130.0 | +24.2 |

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average)

## CURRENCY RATES

| August 13 | Bank rate % | Special Drawing Rights | European Currency Units |
|---|---|---|---|
| Sterling | — | 0.632412 | 0.552373 |
| U.S. $ | 11 | 1.08195 | 0.945111 |
| Canadian $ | 16.25 | * | 1.18281 |
| Austria Sch. | 6¾ | 19.0019 | 16.5867 |
| Belgian F | 13½ | 51.6865 | 45.1763 |
| Danish Kr. | 11 | 9.39927 | 8.21301 |
| D mark | 7½ | 2.70320 | 2.36029 |
| Guilder | 8 | 2.97855 | 2.60142 |
| French F. | 9½ | 7.53131 | 6.57750 |
| Lira | 19 | 1509.29 | 1318.19 |
| Yen | 5½ | 283.682 | 247.355 |
| Norwgn. Kr. | 9 | 7.28159 | 6.35598 |
| Spanish Pts. | 8 | 122.015 | 106.561 |
| Swedish Kr. | 10 | 6.69174 | 5.84173 |
| Swiss Fr. | 5½ | 2.31592 | 2.02151 |
| Greek Dr'ch | 20½ | 76.3788 | 66.7552 |

* C$/SDR rate for August 12: 1.35850.

## EXCHANGE CROSS RATES

| Aug. 13 | Pound St'rling | U.S. Dollar | Deutschem'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.703 | 4.270 | 446.5 | 11.90 | 3.650 | 4.705 | 2375. | 2.131 | 81.58 |
| U.S. Dollar | 0.578 | 1. | 2.507 | 262.2 | 6.988 | 2.143 | 2.763 | 1395. | 1.251 | 47.94 |
| Deutschemark | 0.234 | 0.399 | 1. | 104.6 | 2.787 | 0.855 | 1.102 | 556.3 | 0.499 | 19.12 |
| Japanese Yen 1,000 | 2.240 | 3.814 | 9.563 | 1000. | 26.65 | 8.175 | 10.54 | 5319. | 4.772 | 182.9 |
| French Franc 10 | 0.840 | 1.431 | 3.588 | 375.2 | 10. | 3.067 | 3.954 | 1996. | 1.790 | 68.61 |
| Swiss Franc | 0.274 | 0.467 | 1.170 | 122.3 | 3.260 | 1. | 1.289 | 650.7 | 0.584 | 22.37 |
| Dutch Guilder | 0.213 | 0.362 | 0.908 | 94.90 | 2.529 | 0.776 | 1. | 504.8 | 0.453 | 17.35 |
| Italian Lira 1,000 | 0.421 | 0.717 | 1.798 | 188.0 | 5.011 | 1.537 | 1.981 | 1000. | 0.897 | 34.38 |
| Canadian Dollar | 0.469 | 0.799 | 2.004 | 209.5 | 5.586 | 1.713 | 2.208 | 1115. | 1. | 38.32 |
| Belgian Franc 100 | 1.226 | 2.086 | 5.230 | 546.8 | 14.57 | 4.470 | 5.762 | 2909. | 2.609 | 100. |

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a) 1-3 St. Paul's Churchyard EC4P 4DX 01-236 1833

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# INSURANCE & OVERSEAS MANAGED FUNDS

## INSURANCES

### Abbey Life Assurance Co. Ltd. (z)
3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

| | | | | |
|---|---|---|---|---|
| Property Fund | 229.1 | 240.2 | ..... | — |
| Equity Fund | 49.5 | 52.2 | -0.3 | — |
| Property Acc. | 268.4 | 282.6 | ..... | — |
| Equity Acc. | 49.1 | 51.7 | -0.3 | — |
| Selective Fund | 142.4 | 156.3 | -0.4 | — |
| Money Fund | 160.7 | 177.6 | ..... | — |
| Convertible Fund | 180.9 | 191.5 | ..... | — |
| Prop. Fd. Ser. 4 | 211.4 | 222.6 | ..... | — |
| Equity Ser. 4 | 55.2 | 58.2 | -0.3 | — |
| Man. Ser. 4 | 202.4 | 213.1 | +0.1 | — |
| Money Ser. 4 | 152.9 | 161.0 | ..... | — |
| Conv. Ser. 4 | 153.1 | 161.2 | ..... | — |
| Fixed Int. Fd. Ser. 4 | 125.4 | 132.1 | +1.2 | — |
| American Ser. 4 | 106.3 | 111.9 | -0.4 | — |
| High Inc. Ser. 4 | 114.7 | 120.8 | -0.7 | — |
| Indexed Inv. Series 4 | 98.5 | 103.7 | +0.3 | — |
| Pension Property | 320.9 | 337.8 | ..... | — |
| Pension Equity | 288.2 | 303.4 | -1.1 | — |
| Pension Selective | 150.1 | 158.1 | -0.4 | — |
| Pension Managed | 302.3 | 318.3 | +0.3 | — |
| Pension Security | 226.3 | 238.3 | ..... | — |
| Pension Fixed Int. | 122.3 | 128.8 | +1.1 | — |
| Pension Indexed Inv. | 98.8 | 104.1 | +0.5 | — |

### Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

| | | | | |
|---|---|---|---|---|
| Equity Fd. Acc. | 316.6 | 333.2 | ..... | — |
| Fixed Int. Acc. | 203.5 | 214.1 | ..... | — |
| Gtd. Money Fd. Ac. | 157.8 | 166.1 | ..... | — |
| Intl. Man. Fd. Acc. | 136.0 | 143.1 | ..... | — |
| Intl. Fixed Int. Fd. | 111.5 | 117.4 | ..... | — |
| Prop. Fd. Acc. | 159.8 | 168.2 | ..... | — |
| Multiple Inv. Acc. | 248.1 | 261.1 | ..... | — |
| Equity Pen. Fd. Acc. | 434.0 | 456.8 | ..... | — |
| Fixed I. Pen. Acc. | 332.5 | 349.9 | ..... | — |
| Gtd. Mon. Pen. Acc. | 220.3 | 231.8 | ..... | — |
| Intl. Man. Pen. Fd. Acc. | 157.5 | 165.8 | ..... | — |
| Prop. Pen. Acc. | 211.6 | 222.7 | ..... | — |
| Mple Inv. Pen. Acc. | 361.0 | 379.9 | ..... | — |

### AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

| | | | | |
|---|---|---|---|---|
| Managed Fd. | 194.5 | 205.0 | -3.2 | — |
| Money Fd. | 145.2 | 152.9 | ..... | — |

### Crown Life—Continued

| | | | | |
|---|---|---|---|---|
| St. George Mangd. Fd. | 110.9 | 116.7 | ..... | — |
| Lincs & Gen. Fd. | 116.8 | 122.9 | ..... | — |
| Sage Fd. | 86.1 | 90.6 | ..... | — |
| Heritage Fd. | 101.3 | 106.6 | ..... | — |
| DBS Managed | 106.4 | 111.9 | ..... | — |
| Crown. Brit. Inv. A | 217.2 | | ..... | — |
| Pens. Mixed. Fd. | 149.7 | 158.1 | +0.1 | — |
| Pens. Mang'd. Acc. | 111.6 | 117.4 | +0.6 | — |
| Pens. Mang'd. Init. | 107.1 | 112.7 | +0.5 | — |
| Pens. Equity Acc. | 98.8 | 104.0 | -0.2 | — |
| Pens. Equity Init. | 94.6 | 99.5 | -0.2 | — |
| Pens. Fxd. Int. Acc. | 113.1 | 119.0 | +1.6 | — |
| Pens. Fxd. Int. Init. | 108.6 | 114.3 | +1.7 | — |
| Pens. Money Acc. | 110.7 | 116.5 | +0.2 | — |
| Pens. Money Init. | 106.0 | 111.5 | +0.1 | — |

### Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

| | | | | |
|---|---|---|---|---|
| Growth Prop Aug 3 | 103.7 | 114.1 | ..... | — |
| Managed Pens. July 14 | 122.6 | 116.47 | ..... | — |

### Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

| | | | | |
|---|---|---|---|---|
| Eagle/Mid. Units | 79.5 | 82.4 | -0.3 | 6.19 |

### Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| UK Equities Fund | 187.0 | 196.8 | -5.9 | — |
| Higher Inc. Fund | 124.9 | 132.4 | -2.3 | — |
| Property Fund | 193.4 | 203.5 | ..... | — |
| Fixed Interest Fund | 150.9 | 158.8 | +0.9 | — |
| Index Linked Secs Fnd. | 95.1 | 100.1 | +0.5 | — |
| Gtd. Deposit Fund | 136.8 | 143.9 | ..... | — |
| Nth. America Fund | 100.6 | 105.8 | -1.1 | — |
| Far East Fund | 78.5 | 82.6 | +0.6 | — |
| International Fund | 93.4 | 98.3 | -0.3 | — |
| Mixed Fund | 169.3 | 178.2 | -1.3 | — |

### Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Ind. Pen. Equity | 188.1 | 197.9 | +2.0 | — |
| Ind. Pen. Property | 147.2 | 154.9 | +1.7 | — |
| Ind. Pen. Fixed Int. | 144.9 | 152.5 | +4.2 | — |
| Ind. Pen. Indx Lk. Secs. | 104.0 | 109.4 | +1.3 | — |
| Ind. Pen. Overseas | 141.1 | 148.6 | -5.1 | — |
| Ind. Pen. Cash | 138.2 | 145.4 | +1.3 | — |
| Ind. Pen. Balanced | 154.9 | 163.0 | +1.7 | — |
| Ind. Pen. Dep. Admin. | 138.5 | 145.7 | +1.6 | — |

Prices at Aug 12. Next settlement Sept. 9.

## OFFSHORE AND OVERSEAS

### World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd. | $9.44 | | -0.07 | — |

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

### Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Com. Fund | 34.1 | 35.9 | ..... | 6.60 |
| Chinese Fund | 64.7 | 67.4 | ..... | 9.39 |
| Precious Metal Fund | 131.9 | 147.5 | ..... | 8.30 |
| Vanguard Cmdy. Fd. | 39.9 | 41.0 | ..... | 2.26 |
| Financial Futures Fd. | 100.9 | 105.1 | +1.2 | — |
| Wren Intl. Fnd.* | $0.778 | 0.810 | ..... | — |

## NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ♯ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

# FT SHARE INFORMATION SERVICE

## LOANS—Continued

### Financial

### Building Societies

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

### Five to Fifteen Years

### Over Fifteen Years

### Undated

### Index-Linked & Variable Rate

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

### Public Board and Ind.

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

## BANKS & H.P.—Cont.

### Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS—Continued.

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)



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## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc.

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Finance

[illegible]



## MINES—Continued

### Central African

[illegible]

### Australian

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♦ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
$ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
|| No par value.
♥ Rate applicable to non-Zimbabwean residents.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

| | | |
|---|---|---|
| Albany Inv. 20p | 39 | ...... |
| Bertrams | 17¢ | ...... |
| Bdg'wtr. Est. 50p | 440 | ...... |
| Craig & Rose £1 | £12½ | ...... |
| Finlay Pkg. 5p | 31 | ...... |
| Graig Ship. £1 | £23 | -1 |
| Higsons Brew | 90 | ...... |
| Holt (Jos) 25p | 790 | -10 |
| I.O.M. Stm. £1 | 85 | ...... |
| Pearce (C. H.) | £10¼ | ...... |
| Peel Hldgs | 151 | ...... |
| Sheff. Refrshmt | 80xd | ...... |
| Sindall (Wm.) | 235 | ...... |

**IRISH**

| | | |
|---|---|---|
| Conv. 9% '80/82 | £99⅝ | +⅛ |
| Nat. 9¾% 84/89 | £72¼ | ...... |
| Fin. 13% 97/02 | £81¼ | ...... |
| Alliance Gas | 85 | ...... |
| Arnott | 215 | ...... |
| Carroll (P.J.) | 74 | ...... |
| Concrete Prods. | 50 | ...... |
| Heiton (Hldgs.) | 15xd | ...... |
| Irish Ropes | 34 | ...... |
| Jacob | 72 | ...... |
| T.M.G. | 4½ | ...... |
| Unidare | 50xd | ...... |

## OPTIONS

### 3-month Call Rates

**Industrials**

| | |
|---|---|
| Allied-Lyons | 8 |
| BOC Intl. | 15 |
| B.S.R. | 8½ |
| Babcock | 16 |
| Barclays Bank | 42 |
| Beecham | 21 |
| Blue Circle | 48 |
| Boots | 19 |
| Bowaters | 25 |
| Brit. Aerospace | 17 |
| B.A.T. | 53 |
| Brown (J.) | 7 |
| Burton Ord. | 15 |
| Cadburys | 9 |
| Courtaulds | 8 |
| Debenhams | 7 |
| Distillers | 15 |
| Dunlop | 6½ |
| Eagle Star | 27 |
| F.N.F.C. | 4 |
| Gen. Accident | 29 |
| Gen. Electric | 65 |
| Glaxo | 42 |
| Grand Met. | 17 |
| G.U.S. 'A' | 45 |
| Guardian | 25 |
| G.K.N. | 15 |
| Hawker Sidd | 30 |
| House of Fraser | 15 |
| I.C.I. | 26 |
| "Imps" | 8 |
| I.C.L. | 5½ |
| Ladbroke | 15 |
| Legal & Gen. | 29 |
| Lex Service | 10 |
| Lloyds Bank | 42 |
| "Lofs" | 5½ |
| London Brick | 7 |
| Lucas Inds. | 29 |
| "Mams" | 12 |
| Mrks. & Spncr. | [illegible] |
| Midland Bank | 30 |
| N.E.I. | 9 |
| Nat. West. Bank | 33 |
| P&O Dfd. | 14 |
| Plessey | 32 |
| Racal Elect. | 25 |
| R.H.M. | 6½ |
| Rank Org. Ord. | 20 |
| Reed Intnl. | 26 |
| Sears | 6 |
| T.I. | 23 |
| Tesco | 5½ |
| Thorn EMI | 42 |
| Trust Houses | 11 |
| Turner & Newall | 11 |
| Unilever | 55 |
| Utd. Drapery | 7 |
| Vickers | 16 |
| Woolworths | 5 |

**Property**

| | |
|---|---|
| Brit. Land | 7½ |
| Cap. Counties | 10 |
| Land Secs. | 28 |
| MEPC | 20 |
| Peachey | 14 |
| Samuel Props. | 11 |
| Town & City | 3½ |

**Oils**

| | |
|---|---|
| Brit. Petroleum | 26 |
| Burmah Oil | 10 |
| Charterhall | 6 |
| KCA | 14 |
| Premier | 6 |
| Shell | 30 |
| Tricentrol | 22 |
| Ultramar | 38 |

**Mines**

| | |
|---|---|
| Charter Cons. | 25 |
| Cons. Gold | 45 |
| Lonrho | 7 |
| Rio T. Zinc | 42 |

"Recent Issues" and "Rights" Page 18

# FINANCIAL TIMES

Monday August 16 1982



## Prior hint on industry aid pressure

BY PETER RIDDELL, POLITICAL EDITOR

A STRONG indication of the likely pressures within the Cabinet this autumn for Government action to help industry was given yesterday by Mr James Prior, the Northern Ireland Secretary.

In one of his now rare public comments on the economy, Mr Prior said he thought there were some things the Government ought to contemplate and he warned that the world could topple into a deep depression.

Interviewed on the ITV programme Face the Press, Mr Prior said: "I believe industry is in a mood where it needs a bit more confidence. I would like to see this helped in some way, but not by general reflation which I do not think would do any good." He did not, however, give any details of possible measures.

Mr Prior's worries about the state of the economy are shared by Cabinet colleagues like Mr George Younger, the Scottish Secretary, and Mr Nicholas Edwards, the Welsh Secretary, and are in contrast to the more optimistic tone of Treasury ministers and Mrs Thatcher's close supporters.

Asked in the interview whether he was nearer to the CBI's gloom than to the Conservative Party, Mr Prior replied in a R. A. Butler-like delphic tone that "I am not nearer to the CBI or the Conservative Party on this. I am a member of the Cabinet."

If the economy does not pick up, there is likely to be growing pressure for action, not only from the so-called "wets" in the Cabinet and on the backbenches but also from MPs of all views, from industrial areas. Several speeches are planned and there has been some discussion of co-ordinating previously disparate efforts.

Treasury ministers have tried to dampen talk of any autumn package, stressing instead the help to industry from the recent cut in interest rates. A reassessment is possible after the holidays ahead of the usual November economic statement.

There is already speculation in Whitehall that, in addition to the announcement of public spending decisions, this statement could include some indication of future help to industry and tax changes, taking effect next spring.

The sceptics, such as Mr Prior, have been careful to reject general reflation and instead are concentrating on urging selective help via assistance for the unemployed, some additional public investment and a cut in industry's costs.

Mr Prior described current unemployment as "intolerable" and did not believe that any government or country could long sustain these levels. After welcoming the youth training scheme, he said that Government had "to look at the age at which people start work and the age they finish work."

Mr Prior underlined his own isolation from the main Thatcherite tone of the Cabinet when he said that "so far, to my astonishment, Mrs Thatcher has decided I am more use to her (in the Government) than I would be if I was outside."

Irish Voting Rights, Page 6

## RCN vote could break deadlock in health row

By Brian Groom, Labour Staff

TUC UNIONS in the Health Service are privately looking to the Royal College of Nursing to break the deadlock in the three-month dispute over their 12 per cent pay claim.

They argue that their five days of intensified industrial action last week was a success, and that rejection of the Government's 7.5 per cent offer by the non-TUC RCN could be the decisive factor in forcing Ministers to compromise.

A ballot of the RCN's 180,000 health service members will be completed at the end of this week. Officials believe it is likely to result in rejection of the offer.

The Government is already isolated, TUC leaders say, and has suffered heavy publicity defeats—including the stinging attack last week by the influential medical journal, The Lancet.

They believe rejection by the RCN would remove the Government's only hope of splitting the unions, and would force it to consider raising its 6 to 7.5 per cent offer to 1m NHS workers.

They may be underestimating the determination of Mr Norman Fowler, Social Services Secretary, to stand by the offers, and of the Prime Minister and Chancellor to back him up. Ministers have warned that rejection by nurses would not produce more money.

The TUC unions, for their part, insist that their campaign would continue indefinitely even if the RCN voted to accept the offer.

The next two weeks may bring a hiatus in the publicity war, as unions continue their "rolling programme" of selective local strikes.

The TUC health services committee will decide on new ways to step up the dispute at its next meeting on August 26.

The contentious issue of sympathy action by non-NHS workers, in contravention of the Employment Act 1980, may also go temporarily off the boil, although TUC leaders will continue to call for such action.

The Fleet Street branch of the electricians' union is expected tomorrow to decide to pay the £350 fine on Mr Sean Geraghty, branch secretary, for last week's one-day strike, along with costs estimated at £10,000.

Mr Frank Chapple, the union's general secretary, disclosed that the union's lawyers last week prepared plans to prevent Mr Geraghty "martyring" himself by being sent to jail.

If Mr Justice Leonard had insisted on an undertaking from Mr Geraghty that his members would not take sympathy action again, and Mr Geraghty refused, union leaders would have tried to override him and give the undertaking themselves.

## THE LEX COLUMN

# Many mansions at Mercantile

Mercantile House has had dreadful luck with the news from Wall Street since it announced its ambitious bid for Oppenheimer Holdings, the U.S. stockbroker and fund manager. The fate of Drysdale and Lombard Wall makes many London investors shy of a New York market-maker; the latest blow has come in the form of rumours that Oppenheimer's risk arbitrage department lost a packet of money on its exposure to Cities Service stock when the Gulf Oil bid fell through. In fact, it seems unlikely that any net loss will amount to more than $½m, and the intervention of Occidental Petroleum in the Cities Service affair could even take Oppenheimer back into profit on the transaction.

In the first five months of Oppenheimer's present year attributable profits are down by 35 per cent, with a solid performance by the fund management business (which is crucial to the deal) offsetting a sharp drop in earnings on the inevitably volatile broking side. But Oppenheimer's record is impressive, even if there is room for argument about the price Mercantile is paying and about its claims that the deal means lots of new business for both parties. The enlarged Mercantile House will be a very well-spread financial company, with the bulk of its earnings originating in the U.S. and no single activity contributing more than a third. That is not to suggest that there is no more growth in money broking.

Investors who dislike the Wall Street exposure or who bought Mercantile for its money broking side alone are not going to be interested in this week's £22½m offer for sale. Fears that Oppenheimer might prove difficult to control have been largely allayed by its partners' recent visit to London but even for those who want to back the managements good record, the new issue does not look exciting. Mercantile is again greatly increasing its issued share capital—even if the very large Electra/Globe holdings are assumed to be in firm hands for the next couple of years. And the market will need time to adjust to the new animal, which means the glamorous money broking premium will be wiped off the shares.

That is recognised in the offer for sale price of 375p—which compares with the 400p at which Globe subscribed 5m shares and the suspension price of 420p, and puts the company on something near an average market rating, a nine times multiple and a 5.3 per cent yield. Fund managers underweight in this sort of financial group will find the offer for sale a useful way in, but there is a reasonable expectation of picking up the stock slightly cheaper in the next few months.

### Pharmaceuticals

After three years in the doldrums, the pharmaceuticals companies have been the star performers in the stock market over the last 18 months or so. In spite of a recent setback—prompted by some fairly wild criticism of Glaxo's new drug Zantac—the sector has outperformed the All-Share by 40 per cent in the last 12 months. The turnround, whose timing parallels with fair exactitude the renaming of the sector under the title of Health and Household Products, is largely due to the performance of Glaxo and Beecham, which make up about 80 per cent of the weighting.

But past profits are only part of the story. The whole industry seems to have entered a new growth phase. Most U.S. majors have been moving ahead as well, in spite of the strength of the dollar. More drugs are now emerging out of the laboratories than in the late 1970s, and more importantly, the drugs companies seem to have many more promising substances under development.

The level of R and D spending runs above 8 per cent of pharmaceutical turnover—£45m for Glaxo and £50m for Beecham—and its productivity has increased sharply. There is a growing belief that 1980s research will prove as fruitful as the heady 1950s, and such a prospect has encouraged Beecham, for instance, to push up spending by 25 per cent—well above the rate of inflation.

An improved understanding of living organisms, allied to computerisation, means that research can be targeted far more effectively. Over the past three or four years this approach has already helped to open up entirely new areas for medication, such as heart disease and ulcers.

The balance of research advantage also seems to be swinging to the big guns, companies capable of sustaining programmes that span several areas to obtain the benefits of cross-fertilisation. In tandem with marketing scale, this also suggests that they are likely to inherit the fruits of research into bio-technology; many of the small independent research outfits established in the last few years have already withered or been taken over.

Even the regulatory environment is looking more promising. In particular, the length of time taken in the U.S. to approve a drug seems to have peaked in 1980, while a bill to lengthen patent life is now going through Congress.

The share prices of the UK majors are now standing at a risk-defying 20 times full taxed historic earnings, and possibly 16 times prospective. The gap between these ratings and those of the U.S. majors has widened considerably; a typical p/e in the U.S. is about 10. U.S. ratings have been depressed both by the strength of the dollar and the threat of a bill to limit the tax advantages in the important manufacturing base of Puerto Rico. But that looks unlikely, and profits might move up sharply on any weakness in the dollar. Investors who have done so well out of the UK sector might consider casting their eyes across the Atlantic.

## State industry boards' pay system revised

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has decided to allow Whitehall departments a degree of flexibility on salary increases for chairmen and other board members of nationalised industries in the coming months.

It is also considering a new system which might relate salaries to the performance of industries and board members.

Last year the Treasury set a 7 per cent limit for all the industries' boardrooms. Few exceptions were allowed, the biggest being a 25 per cent increase from £48,000 to £60,000 a year for Sir Peter Parker, chairman of British Rail.

This year there is to be no single figure limit. Sir Geoffrey Howe, Chancellor of the Exchequer, told the chairman at a recent meeting that each Whitehall department would have to steer a "cautious course" between meeting the needs of its industries and avoiding embarrassing precedents for other parts of the public sector.

Rises of about 5 to 12 per cent are likely to emerge for most industries, although the precise range will not be clear until the Treasury starts to approve rises submitted by the departments. The rises apply to the year 1982-1983, starting last April.

Ministers met to consider how flexible they could be just before Sir Geoffrey saw the chairmen. They studied claims tabled by the industries calling mostly for increases of between about 10 and 15 per cent, though some were as high as 30 per cent.

However, they shied away from approving full flexibility. While recognising the case for substantial rises, they were worried about giving too much autonomy to individual government departments, which are heavily influenced by committees of non-executive board members set up in each industry to advise on salaries.

Salaries of chairmen of the major industries range from about £50,000 to £60,000 a year, headed by Mr Phillip Shelbourne at the British National Oil Corporation £62,600. (Sir Michael Edwardes at BL has his salary of about £100,000 fixed separately). Other board members are paid between £28,000 and £35,000.

Such salaries are well below—some as much as 50 per cent—those for comparable jobs in the private sector. Often, as this year, they have received smaller rises than other top public servants in the judiciary, Civil Service and armed forces, who in May were awarded increases averaging 14.3 per cent, with a maximum of 18.6 per cent.

The comparatively low salary levels mean the Government has problems finding recruits for the industries' boardrooms. Senior executives in some industries, such as the National Coal Board, are paid more than their board members because their salaries are not subject to the same government controls.

Last year's limit particularly annoyed the industries because it negated a ruling issued by the Prime Minister in April. She removed the industries from the orbit of the Top Salaries Review Body, which still covers the other senior public servants, and said the salaries should be fixed according to market considerations.

The Nationalised Industries Chairmen's Group has been asked for its views on a system related to performance which could apply to the achievements of either complete boardrooms or to individuals, or a mixture of both.

The chairmen are divided on the issue and have not yet produced a common line. One known to favour the idea is Mr Ian MacGregor of British Steel whose income is related to performance. He will share in bonuses of up to £2m which will be paid to Lazard Freres, the U.S. bank which released him to go to British Steel.

Mr MacGregor believes board members should be on salaries of about £100,000 basic, plus performance-related bonuses.

But neither ministers nor the industries have yet thought of ways of measuring performance, although a new system, started in the past few months, of setting overall objectives for the industries could make this easier.

MAJOR CHAIRMEN'S SALARIES

| Chairman and industry | 1981-82 salary |
|---|---|
| Mr Phillip Shelbourne, BNOC | £62,600 |
| Sir Peter Parker, British Rail | £60,000 |
| Sir George Jefferson, British Telecom | £57,650 |
| Mr Ron Dearing, Post Office | £53,650 |
| Sir Denis Rooke, British Gas | |
| Mr Norman Siddall, National Coal Board | £51,360 |
| Mr Austin Bunch, Electricity Council | |
| Mr Ian MacGregor, British Steel | £48,500* |
| Mr Norman Payne, British Airports Authority | £36,750 |

* Mr Ian MacGregor has waived two annual increases that would have brought his basic salary (apart from any future bonuses) to £56,700.

## Second Falklands runway plan

By Peter Riddell, Political Editor

A SURVEY has started on the Falkland Islands of sites for an 11,000-foot runway separate from the present airfield at Port Stanley.

The proposed strip would be able to take all types of modern aircraft. Its construction would be a major step in making the islands more independent of the South American mainland.

The Ministry of Defence is still considering the facilities it may need in the islands and the Cabinet has made no long-term decisions about the airfield.

Specialist personnel have been authorised to examine, among other options, the possibility of an airfield away from Port Stanley. They have already been sent out to examine sites.

The Government has just received an initial report from Lord Shackleton on the future of the islands.

It is likely to make a decision on the airfield in the late summer in the light of his suggestions and the current survey.

The new airfield project is separate from the extension of the existing Port Stanley runway from 4,000 to 6,000 feet which has already been approved and is under way.

Port Stanley's airstrip is seen as having a number of disadvantages in the long term, partly because of the damage inflicted during the fighting.

Some officials believe it would be inadequate for the aircraft needed to supply the islands if close commercial links with Argentina are not restored.

## AEG awaits decision on credits

BY KEVIN DONE AND STEWART FLEMING IN FRANKFURT

WEST GERMAN banks must decide this week whether to provide DM 1.1bn (£257m) in new credits for AEG-Telefunken, the financially-stricken electrical group. Their support is crucial to the company's attempts to stave off the plunge into bankruptcy.

The AEG parent company last week was forced to seek court protection against its creditors in a desperate move to reduce its debt burden.

Fresh bank aid is needed urgently if the group is to regain the confidence of its suppliers and carry on business. It has also to meet the monthly wage bill in the next couple of weeks.

Foreign banks have said they will tell AEG by Wednesday if they are willing to keep open credit lines to the group's foreign subsidiaries. These are not directly affected by the parent company's application for Vergleich (composition) proceedings.

A government official said after a meeting of officials from the federal Economics Ministry and from several provincial states last Friday that Bonn still did not have sufficient information about AEG's restructuring plans to be able to grant it loan guarantees worth about DM 1.5bn requested by the company several weeks ago.

These funds are needed in addition to the DM1.1bn from the banks if AEG is to push through a programme of costly closures and cuts, particularly in its heavily loss-making household appliances and consumer electronics sectors.

Some of AEG's West German suppliers are now insisting on cash payment as a pre-condition for deliveries. The company was forced to issue a statement on Friday that all liabilities arising from business contracted since August 10—the day the parent company sought court protection—would be paid in full.

Herr Klaus Kuhn, a former Thyssen executive, has been appointed a financial consultant to AEG, which has been without a finance director for the last two months.

AEG South African still sees growth, Page 20

## Power gap on shop floor Continued from Page 1

a deadline for the new work practices and redundancies—but offer to consult.

Shop stewards privately may welcome such firm management; they don't have to be the bearers of bad news when they are left with no alternative but to negotiate away jobs and long-established work methods.

For shop stewards, however, the most demoralising aspect of the new regime is the willingness of members to sell their jobs—even at a time of record unemployment.

"Mention voluntary redundancies and you run the risk of being crushed in the rush for the door," says one official.

While unions' problems may offer some immediate relief to management, there is a desire not to bypass the shop stewards but to develop new channels of communication with them.

According to the engineering employers, direct approaches to the shop floor spelling out the details of immediate commercial problems have become increasingly important. "The major change is that our shop stewards now concentrate on the particular problems of their own plant, how its survival can be achieved, not the national issues that once exercised their energies," says the personnel director of one of the Midland's biggest motor components suppliers.

The new emphasis on survival has strengthened the role of the line manager against the industrial relations specialist. Mr Walliker of the CBI says the personnel structure has been hit hard. "A lot of jobs once considered very important—such as organising courses and seminars to improve the quality of staff—are now regarded as peripheral. Training allocated to specialists can now be done by line managers. They are the people who take the responsibility for production; they can also manage the labour."

In striking contrast with the decline of union membership in the private sector, Nupe and Nalgo have recorded rapid growth in the West Midlands. Mr Barry Shuttleworth, Midland regional official of Nupe, makes no secret that the climb in membership of nearly 10,000 to more than 72,000 in three years was achieved through recruiting non-unionised labour in the public sector.

## Mexican banks begin to buy dollars again

BY RONALD BUCHANAN IN MEXICO CITY

MEXICAN BANKS began to purchase dollars again at the weekend but there was still no indication of a return to normal foreign currency trading.

Customers were unable to buy foreign currency nor was there any dealing in precious metals. Dollar accounts remained frozen.

Businessmen say they are having to freeze imports until they know whether they fall within the "essential" category for which the preferential rate is to be available. A list of "essential imports" is due to be published this week.

Predictably the exchange controls imposed on Friday have led to a thriving black market. There are now in effect three rates of exchange for the peso.

The state sector and, for some purposes private companies, have access to a preferential rate of 49.50 pesos to the dollar. The banks are buying dollars at 69.50, and black marketeers are selling them at anything up to 150 pesos.

Most Mexicans travelling abroad now have no option but to resort to the black market.

For the moment such activities remain perfectly legal, because the Government has yet to publish rules for the operation of exchange control.

Businessmen and travellers are waiting to find out how, and in what quantities, dollars are to be made available.

The failure to establish ground rules for the operation of the new system is being seen here as a measure of the haste with which the Government was forced to act in the rapidly worsening crisis.

The exchange controls were preceded on August 5 by the establishment of a two-tier system whose operation has yet to be fully clarified.

Reflecting the confusion, industrialists' leader Sr Ignacio Barragan has called on the Government "to speak clearly" about the economic problems which led to the new measures.

As a result of the restrictions on foreign currency trading, he added, there was a real danger of the paralysis of industry.

International credits, Page 19

## Weather

UK TODAY

Central and Southern England, E Anglia, W Midlands
Sunny intervals. Rain later. Wind fresh. Max. 21C (70F).

SW England, S Wales
Drizzle near coasts; rain later. Max. 19C (66F).

Rest of England, Borders, SW Scotland
Rainy start; strong winds. Max. 18C (64F).

Rest of Scotland, N Ireland
Showers. Gales in exposed places. Max. 15C (59F).

Outlook: Windy. Becoming cooler.

WORLDWIDE

| | Y'day midday | °C | °F | | Y'day midday | °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 28 | 82 | London | F | 21 | 70 |
| Algiers | F | 31 | 88 | L. Ang.† | C | 17 | 63 |
| Amsdm. | R | 19 | 66 | Luxmbg. | F | 21 | 70 |
| Athens | S | 33 | 91 | Luxor | S | 38 | 100 |
| Bahrain | | | | Madrid | S | 30 | 86 |
| Barcina. | S | 29 | 84 | Majorca | S | 33 | 91 |
| Beirut | | | | Malaga | S | 29 | 84 |
| Belfast | C | 15 | 59 | Malta | S | 28 | 82 |
| Belgrd. | S | 29 | 84 | M'chstr | F | 18 | 64 |
| Berlin | C | 21 | 70 | Melbne. | S | 14 | 57 |
| Biarritz | C | 21 | 70 | Mx. C.† | | | |
| Bmghm. | C | 21 | 70 | Miami† | | | |
| Blackpl. | C | 16 | 61 | Milan | F | 26 | 79 |
| Bordx. | C | 22 | 72 | Montrl.† | S | 18 | 64 |
| Boulgn. | C | 18 | 64 | Moscow | S | 23 | 73 |
| Bristol | F | 19 | 66 | Munich | S | 27 | 81 |
| Brussels | C | 18 | 64 | Nairobi | S | 20 | 68 |
| Budpst. | S | 29 | 84 | Naples | S | 29 | 84 |
| Cairo | S | 34 | 93 | Nwcsl. | C | 15 | 59 |
| Cardiff | C | 22 | 72 | N York† | | | |
| Cas'b'ca | C | 22 | 72 | Nice | F | 27 | 81 |
| Cape T. | F | 17 | 63 | Nicosia | | | |
| Chicg.† | C | 18 | 64 | Oporto | F | 25 | 77 |
| Cologne | C | 19 | 66 | Oslo | S | 23 | 73 |
| Cpnhgn. | F | 19 | 66 | Paris | C | 22 | 72 |
| Corfu | S | 28 | 82 | Perth | S | 16 | 61 |
| Denver† | C | 18 | 64 | Prague | C | 12 | 54 |
| Dublin | C | 15 | 59 | Rykjvk. | S | 26 | 79 |
| Dbrvnk. | S | 29 | 84 | Rhodes | S | 29 | 84 |
| Edinbgh. | C | 16 | 61 | Rio J'o† | | | |
| Faro | S | 23 | 73 | Rome | S | 30 | 86 |
| Florence | S | 28 | 82 | Salzbg. | F | 25 | 77 |
| Frankft. | S | 26 | 79 | S'ciscot | | | |
| Funchal | S | 23 | 73 | Singapr. | C | 29 | 84 |
| Geneva | C | 25 | 77 | S'tiago† | | | |
| Gibrltr. | C | 27 | 81 | Stckhm. | R | 14 | 57 |
| Gl'sg'w | C | 15 | 59 | Strsbg. | S | 24 | 75 |
| G'nsey | C | 17 | 63 | Sydney | S | 13 | 55 |
| Helsinki | F | 18 | 64 | Tangier | S | 30 | 86 |
| H. Kong | C | 32 | 90 | Tel Aviv | S | 30 | 86 |
| Innsbrk | S | 21 | 70 | Tenerife | S | 25 | 77 |
| Invrnss. | C | 16 | 61 | Tokyo | C | 28 | 82 |
| I.o.Man | C | 18 | 64 | Toronto† | | | |
| Istanbul | S | 27 | 81 | Tunis | S | 33 | 91 |
| Jersey | S | 19 | 66 | Valencia | F | 29 | 84 |
| Jo'burg | S | 16 | 61 | Venice | S | 28 | 82 |
| L. Pims. | C | 22 | 72 | Warsaw | F | 23 | 73 |
| Lisbon | S | 22 | 72 | Zurich | S | 24 | 75 |
| Locarno | C | 25 | 77 | | | | |

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.




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